



Daily Report

China

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General

Trade Minister Wu Yi Addresses '1995 China Summit'

Nation Opposes Trade Protectionism

OW1004154495 Beijing XINHUA in English 1514
GMT 10 Apr 95

[FBIS Transcribed Text] Beijing, April 10 (XINHUA)—China advocates observing international conventions in its own capacity, open markets, and opposes protectionism in trade with foreign countries, Minister of Foreign Trade and Economic Cooperation Wu Yi said here today.

Wu said that China's imports and exports will top 400 billion US dollars by the year 2000, while investment, labor services, technical exchanges, and cooperation abroad will also reach a new plateau by that time.

At the "1995 China Summit", an international economic forum held in Beijing today, the minister said that China has, as always, attached importance to developing its economic and trade relations with all countries and territories of the world.

After giving an account of Chinese achievements in foreign trade and economic cooperation since the country began its reform and opening-up policies, Wu said that China will focus its efforts on four different aspects in developing its foreign trade and economic cooperation.

These include further reforming the foreign trade system, creating an even better investment climate, improving the protection of intellectual property rights, and safeguarding the multilateral trade system.

China's reform of its trade system is intended to establish a system that conforms to both a socialist market economy and to common international practices, she explained.

Emphasis will be placed on reforming management in order to regulate imports and protect fledgling industries while providing opportunities for foreign commodities to have access to the Chinese market, the minister continued.

According to her, China will continue to improve its investment environment to allow foreign investors to be treated equally, and to bring investment in line with international practices.

Treatment of foreign-funded enterprises is now similar to that of domestic enterprises, she said, and the matter of foreign investors will be addressed as the country's economic reforms expand.

The minister said that China has always held that regions and economic groups should all be open instead of being exclusive.

China is open to all countries and regions in the world equally, and so is foreign trade and economic cooperation, Wu said, and China hopes that all its trading partners open their markets and remove barriers of any kind.

Criticizes U.S. Official

HK1004111695 Hong Kong AFP in English 1034 GMT
10 Apr 95

[FBIS Transcribed Text] Beijing, April 10 (AFP)—Chinese Foreign Minister Wu Yi lashed out here Monday at a senior U.S. official over Washington's attitude to the sensitive issues of market access, human rights differences and China's WTO [World Trade Organization] entry.

Wu, addressing businessmen and officials attending the 1995 China Summit, accused U.S. Undersecretary of Commerce for International Trade Jeffrey Garten of backing away from various U.S. commitments on the issues in his speech to delegates.

The dispute focused on Garten's comments on the growing Sino-U.S. trade imbalance, which he blamed on the fact that "the U.S. market is totally open, the Chinese market needs to open faster and more broadly."

While the U.S. deficit with China, which Washington put at 29.5 billion dollars in total trade of some 45 billion dollars in 1994, is not yet as big of that with Japan, it is growing much faster, said Garten, adding that greater efforts to close the gap were "crucial."

"The United States will proceed as cooperatively as possible but we must be under no illusion how much change must take place and its significance to the overall relationship," he warned.

Wu, requesting a right of reply after Garten's speech, estimated the true level of bilateral trade at 35.4 billion dollars.

"But according to U.S. statistics the United States had a 29 billion dollar deficit. Those who have common sense can see that this figure is not well founded," she said.

Wu also took the U.S. official to task over his comments on the need for commercial "engagement" with China to resolve disagreements on human rights.

Garten "associates trade with the human rights issue, which is not in line with the agreement made by President Clinton (when renewing China's most-favoured-nation status in May 1994) to delink trade from human rights," she said.

The Chinese foreign trade minister's final point of attack was over the U.S. attitude to China's efforts to rejoin the General Agreement on Tariffs and Trade, saying that Washington, under a 1992 agreement, had pledged to give full support to Beijing's bid.

"But it turned out last year that when the negotiations reached the key stage, the U.S. did not keep its word and backed away," resulting in China's failure to rejoin GATT before its replacement on January 1 by the World Trade Organisation (WTO).

Refutes Official's Remarks

HK1104023895 Beijing ZHONGGUO XINWEN SHE
in Chinese 1342 GMT 10 Apr 95

[FBIS Translated Text] Beijing, 10 Apr (ZHONGGUO XINWEN SHE)—Today, at the 1995 China Summit, Wu Yi, Chinese minister of foreign trade and economic cooperation, refuted the remarks of U.S. Undersecretary of Commerce Jeffrey Garten about the imbalance of Sino-U.S. trade in his speech at the same meeting.

Wu Yi said: According to statistics kept by China's customs, the gross volume of Sino-U.S. trade in 1994 amounted to \$35.4 billion, but the U.S. Government said that United States incurred a trade deficit of \$28.9 billion. Those who have any common sense can see that this figure is exaggerated.

Wu Yi said: An agreement was reached at the Sino-U.S. joint meeting on commerce and trade in April, and the two sides will organize a group of statistical experts to coordinate the figures of the trade imbalance. However, at today's meeting, the U.S. undersecretary of commerce again placed the issue of trade imbalance at "a very important position" in his speech.

As for the issue of China's status as a founding member of the World Trade Organization (WTO), Wu Yi said: In a memorandum of understanding signed by China and the United States in 1992 on market access, the U.S. Government explicitly expressed firm support for the restoration of China's status as a signatory state of GATT. However, last year, in the final stage of talks of crucial importance, the attitude of the U.S. Government completely went against its earlier promises.

Wu Yi said: On 26 February this year, Trade Representative Kantor again indicated that the United States will firmly, positively, and realistically adopt a flexible attitude to support China's effort to become a founding member of the World Trade Organization. With regard to this, China will "judge the United States by its deeds while listening to its words," and hopes that the United States will take concrete actions in this regard.

Li Tieying Views Trade Role, WTO

OW1004162495 Beijing XINHUA in English 1610
GMT 10 Apr 95

[FBIS Transcribed Text] Beijing, April 10 (XINHUA)—In its bid to enter the World Trade Organization (WTO), China will stick to its opening-up policy no matter what the outcome, according to high ranking officials here today.

China should, however, be one of the founding members of WTO, said State Councillor Li Tieying, at the "1995 China Summit" which opened in Beijing today. "If China is kept out of the multilateral trade system, the World Trade Organization will be incomplete," he noted.

China applied for re-entry into GATT in 1986 and the decision has been pending.

"Since then," Li said, "China has demonstrated excessive patience and a positive attitude in the eight years of negotiations."

He added that China has made great strides in tariff reductions, market access, opening the foreign trade system, and protection of intellectual property."

China attended all the major talks of the Uruguay Round of discussions and signed the final package of documents, Li said.

He went on to say that some countries, disregarding the plain facts, had tried to erect barriers blocking China's re-entry into GATT and to stop it from becoming a founding member of WTO.

China is a developing country with an average per capita GNP of only about 400 US dollars and more than 80 million people who are still living in poverty, he said.

"It is unfair and unacceptable to treat China as if it were a developed or semi-developed country and require it to shoulder international obligations which do not conform with its development level and its national rights," he said.

He said that China's purpose in applying for re-entry into GATT and joining the WTO is to meet the needs of its own development and its policy of reforms and opening up and it will not sacrifice its basic interests and dignity even for this end.

"China's joining an international multilateral trade system will benefit not only China itself but the whole world as well," he pointed out.

Wu Yi, minister of foreign trade and economic cooperation, also said that China has been strongly advocating a new international economic and political order, and resolutely supports the international multilateral economic and trade system.

She said that China's actions show that it is not only willing but also able to meet its commitments to the global multilateral trade system.

"China will, as always, support the international multilateral trade system represented by the WTO," she said, adding that China should be a founding member of the WTO in the role of a developing country as early as possible, so as to make its greater contribution to world trade and economic co-operation.

Commentary Views Assuring Improved Security

OW1004145095 Beijing XINHUA Domestic Service in Chinese 0921 GMT 8 Apr 95

[Commentary by XINHUA reporters Yang Qing (2799 7230) and Ban Wei (3803 3837): What Security Assurances Do Nonnuclear States Need?]

[FBIS Translated Text] Geneva, 7 Apr (XINHUA)—The first part of the 1995 session of the Conference on Disarmament ended in Geneva on 7 April. At its last plenary meeting on 6 April, representatives from the five big nuclear powers solemnly read statements newly issued by their governments on providing security assurances for nonnuclear states, demanding that the statements be circulated by the Secretariat as official documents of the first part of the 1995 session. It was a rarely seen move in the history of nuclear disarmament that the five big powers simultaneously committed themselves to security assurances.

The main purpose of the gathering was to continue negotiations over a treaty on complete prohibition and thorough destruction of nuclear weapons. The move seemed not directly linked with the conference, but it was taken at the right place and at the right time. Since a conference on examination and extension of the Non-proliferation Treaty (NPT) will be held in New York in 10 days, the security assurances for nonnuclear states are an important condition for the nonnuclear members of the NPT to agree on the extension of the treaty.

However, after closely examining the statements, one could easily notice that the contents of China's statement are evidently different from those of the four other countries.

In its statement, China undertakes not to be the first to use nuclear weapons at any time or under any circumstances and not to use or threaten to use nuclear weapons against nonnuclear-weapon states or nuclear-weapon-free zones at any time or under any circumstances. China also undertakes to take action within the U.N. Security Council in order that the Council take appropriate measures to provide assistance to any nonnuclear-weapon state that comes under attack with nuclear weapons, and impose sanctions on the attacking state.

Although the four other nuclear powers, the United States, Russia, France and Britain, made a commitment to act within the Security Council when any nonnuclear-weapon state comes under a nuclear attack, they refused to commit to not being the first to use nuclear weapons. Moreover, they attached conditions to the security assurances which they provide to nonnuclear-weapon states—namely, they will provide security assurances to only the nonnuclear-weapon states which are signatories to the NPT, and these nonnuclear-weapon states must not enter into associations or alliances with any nuclear-weapon-states which may attack them or any other country with which they have signed a security agreement.

We can see that the security assurances provided by the United States and other countries are not unequivocal and they are very much conditional. In other words, they serve as a warning to nonnuclear-weapon states—don't take any hostile actions against us, or we will use our nuclear weapons. In a certain sense, these conditions represent the continuation of the policy of nuclear blackmail adopted in the Cold War period and go against the main trend of the times today.

These conditions have caused resentment among countries which have not yet signed the NPT. They say that under the U.N. Charter and relevant principles of international law, security assurances should apply to all countries. Speaking at the disarmament conference on 6 April, Chinese ambassador to the conference Sha Zukang appealed to all nuclear-weapon states to hold talks as soon as possible and to sign a treaty on the no-first-use of nuclear weapons among themselves and a binding international legal document on non-use of nuclear weapons against nonnuclear-weapon countries. China's position reflects the aspirations of the vast number of nonnuclear-weapon states; therefore, it has caused a widespread and positive response among them. Obviously, what nonnuclear states need is a sincere, unconditional and universal nuclear security assurance.

Beijing To Host International Archives Meeting

OW1004165795 Beijing XINHUA in English 1609 GMT 10 Apr 95

[FBIS Transcribed Text] Guangzhou, April 10 (XINHUA)—China is busy preparing for the 13th International Archives Conference to be held in Beijing in September next year, Wang Gang, director of the State Archives Bureau, said today.

Wang made the remark at the 1995 session of the Executive Committee of the International Council on Archives, which is being held for four days in the capital of Guangdong Province.

Attended by 15 of the council's senior officials from 11 countries, the session is the first high-level meeting to be held in China since the country joined the council in 1980.

The officials will discuss administrative issues, draw up future programs, and assign work to its subsidiary organizations.

By 1994, the council had recruited 1,342 members from 163 countries and territories and 52 international organizations.

Strobe Talbott Discusses U.S.-Ukrainian Ties

OW1104043495 Beijing XINHUA in English 0315 GMT 11 Apr 95

[FBIS Transcribed Text] Kiev, April 10 (XINHUA)—U.S. Deputy Secretary of State Strobe Talbott said here

today that relations between the U.S. and Ukraine are closer and more concrete than ever before.

Talbott told a press conference after his meetings with Ukrainian leaders that Washington is optimistic about the prospects of development of U.S.-Ukrainian relations.

Talbott arrived here earlier today for a two-day official visit to prepare for U.S. President Bill Clinton's upcoming visit to Ukraine in May.

He told reporters that Washington regards Ukraine as an important country in a new Europe after the Cold War. Ukraine is capable of playing a significant role in the political and economic situation in the region, he added.

Talbott held a series of talks with Ukrainian President Leonid Kuchma and Alexander Moroz, chairman of the Ukrainian parliament.

During the meetings, Talbott reportedly promised that a decline of U.S. foreign aid would not involve Ukraine. Washington objects to the imposition of conditions in providing aid to Ukraine, he said.

United States & Canada

California Delegation Travels to Beijing

Meets President Jiang Zemin

OW1004133595 Beijing XINHUA in English 1248
GMT 10 Apr 95

[FBIS Transcribed Text] Beijing, April 10 (XINHUA)—Chinese President Jiang Zemin met and had a cordial talk with a delegation from California, the U.S., here this afternoon.

The group, led by Julie Meier Wright, secretary of California Trade and Commerce Agency, and Kenneth Maddy, Republican floor leader of the California Legislature, are here on a 12-day visit as guests of the Chinese People's Institute of Foreign Affairs (CPIFA).

Extending his welcome to the visitors, Jiang expressed the hope that the trip will help enhance their understanding of China and increase friendship between the Chinese and American peoples.

Wright agreed with the Chinese president, saying that their current visit is aimed at deepening understanding of China and seeking closer cooperative ties with it in areas such as science and technology, energy and environment protection.

CPIFA President Liu Shuqing attended the meeting.

Apart from Beijing, the Californian visitors are also scheduled to visit Hohhot, Baotou, Shanghai and Shenzhen.

Meets Vice Premier Li Lanqing

OW1004134495 Beijing XINHUA in English 1323
GMT 10 Apr 95

[FBIS Transcribed Text] Beijing, April 10 (XINHUA)—Chinese Vice Premier Li Lanqing said today that China hopes for enhanced cooperation with California, the leading U.S. state on the eastern bank of the Pacific, in energy, agricultural and other areas.

Li made the remarks during his meeting with a delegation from California at the Diaoyutai State Guesthouse here this evening.

The delegation, led by Julie Meier Wright, Secretary of California Trade and Commerce Agency, and Kenneth Maddy, Republican floor leader of the California Legislature, are here on a 12-day visit as guests of the Chinese People's Institute of Foreign Affairs.

Li told the visitors that all states in the U.S. having cooperation with China. California is one of the few that enjoy the most extensive cooperation with China in both personnel exchanges, and economy and trade.

"We hope that the mutual understanding and cooperation between the local legislatures and governments of the two countries will be further expanded," Li said.

Wright told Li that California enjoys multi-faceted collaboration with China. The current mission of friendship is designed to understand more about the country and to identify ways of cooperation in areas of energy, science and technology, and environmental protection, she said.

Li said that over the past decade and more, China has attached priority to the development of energy, transportation, agriculture and telecommunications, and that this policy will continue for a long time.

"We welcome California's cooperation in all these spheres," Li noted.

During the meeting, Li also answered the visitors' questions ranging from Sino-U.S. trade to China's energy development program in the future.

After the meeting, the Californian visitors left here for Hohhot, the capital of the Inner Mongolia Autonomous Region.

Meets NPC Vice Chairman

OW1004135395 Beijing XINHUA in English 1329
GMT 10 Apr 95

[FBIS Transcribed Text] Beijing, April 10 (XINHUA)—Vice Chairman Wang Guangying of the Standing Committee of the Chinese National People's Congress (NPC) had a cordial talk with a delegation from the U.S. State of California at the Great Hall of the People here today.

The group, led by Julie Meier Wright, secretary of California Trade and Commerce Agency, and Kenneth

Maddy, Republican floor leader of the California Legislature, arrived here on April 7 for a 12-day visit as guests of the Chinese People's Institute of Foreign Affairs.

U.S. Says No Refuelling at DPRK Reactors

OW1104000195 Beijing XINHUA in English 2224
GMT 10 Apr 95

[FBIS Transcribed Text] Washington, April 10 (XINHUA)—The United States has rejected press reports alleging that the Democratic People's Republic of Korea (DPRK) is prepared to refuel its currently frozen nuclear reactors because of fruitless long-running negotiations with Americans on the light-water reactors supplier issue.

Speaking at a news briefing on Monday [10 April], U.S. State Department spokeswoman Christine Shelly said that the DPRK was performing maintenance work at a nuclear reactor at the Yongbyon nuclear complex rather than preparing to refuel it.

Shelly told reporters that she understood, "There has been some maintenance work" that had been deemed legitimate by the International Atomic Energy Agency.

Under a frame agreement on DPRK's nuclear development signed between Washington and Pyongyang last October, the DPRK has frozen its current nuclear program in exchange for alternative energy supplies and two light-water reactors for the United States.

But the two countries have not reached an agreement on who should supply the two reactors estimatedly worth 4 billion U.S. dollars.

The DPRK has rejected the U.S. suggestion that South Korea provide DPRK reactors as it has agreed to pay a large share of the fund, saying that the South Korean ones are unsafe technically.

A new round of talks between the two parties on the reactors is scheduled to be held in Berlin, Germany, beginning on Wednesday.

Central Eurasia

PRC Ambassador to Georgia Meets Shevardnadze

OW1004125295 Beijing XINHUA Domestic Service in Chinese 1043 GMT 29 Mar 95

[FBIS Translated Text] Eduard Shevardnadze, chairman of Georgia's State Council and head of state, said on 28 March: Georgia attaches great importance to the development of relations with China [shi fen zhong shi 0577 0433 6850 6018], and it is grateful to China for its moral support and material aid. He then said: China has a unique experience in reform, and Georgia is studying it and learning from it. Shevardnadze made the above remarks while meeting with Li Jingxian, China's new ambassador to Georgia.

Referring to the Taiwan question, Shevardnadze stressed: Territorial integrity is extremely important to a country, and Georgia keenly feels the pain in this regard. This is why Georgia understands better and gives more support to China's stand on the Taiwan question than any other country. Georgia will never have official contacts with Taiwan.

In his conversation with Shevardnadze, Ambassador Li Jingxian said: Although China and Georgia are separated by thousands of rivers and mountains, the Chinese people always have profound feelings of friendship for the Georgian people. The Chinese Government attaches importance to [zhong shi 6850 6018] the development of relations with Georgia and is willing to develop a long-term, stable relationship of friendship and cooperation with Georgia on the basis of the five principles of peaceful coexistence and of the communiques on the establishment of diplomatic relations between the two countries. Ambassador Li also reiterated that the Chinese Government respects and supports Georgia's independence, sovereignty and territorial integrity.

China, Russia Hold Meeting on River Navigation

OW1104111895 Beijing XINHUA Domestic Service in Chinese 0700 GMT 6 Apr 95

[FBIS Translated Text] Beijing, 6 Apr (XINHUA)—News from Khabarovsk: The 37th regular meeting of the Sino-Russian Joint Committee on Border River Navigation was held from 31 March to 5 April in Russia's Khabarovsk City. China's delegation to the regular meeting was headed by Zhang Chao.

Both sides reached agreements on issues relating to navigation, waterway operation, and water transport cooperation on the Sino-Russian border rivers of Heilongjiang, Wusulijiang, and Argun. They also signed minutes of the meeting.

Eight Killed as Russian Jets Bomb Afghanistan

OW1104040395 Beijing XINHUA in English 0345
GMT 11 Apr 95

[FBIS Transcribed Text] Islamabad, April 11 (XINHUA)—Eight persons were killed and several others wounded in Badakhshan Province in Northern Afghanistan due to fierce bombing by Russian jets, local press "MUSLIM" reported here today.

Afghan government sources were quoted as saying that the Russian jets heavily bombed Saharak District of Badakhshan Province, killing the eight persons.

Russian aircraft also bombed Chayab District in Takkar Province next to Badakhshan, said the sources.

Describing it as a retaliation by the Russians against the growing activities of the Tajik anti-governmental Muslims, the report did not say when the bombing took place.

Tajik Islamic militants, who lost the Tajik civil war in 1992, are now based in northern Afghan provinces which border Tajikistan.

Russian troops came to help the Tajik government fight back the rebels at the invitation of Tajik President Imam Rakhmanov.

Russia Puts Troops in Tajikistan on Alert

OW1104045295 Beijing XINHUA in English 0438
GMT 11 Apr 95

[FBIS Transcribed Text] Moscow, April 10 (XINHUA)—The Russian military announced today that its No. 201 motorized infantry division stationed in Tajikistan has been put on the high alert.

Vladimir Semyonov, commander-in-chief of the Russian army, made this announcement in an interview with the Itar-Tass news agency, which came as the tension in Tajikistan grew.

Earlier reports said that Russian border guards patrolling Tajikistan's frontier with Afghanistan were attacked by Tajik opposition fighters from the Afghan side last Friday [7 April] and the border guards returned fire.

The rebels launched fresh assaults on Russian border guards' posts Saturday evening and the fighting lasted until Monday, the reports said. At least 26 Commonwealth servicemen have been killed since the conflict erupted Friday, the reports added.

Russia has stationed thousands of peacekeeping troops in Tajikistan under an agreement with the Tajik government after a civil war in the former Soviet republic which chased many opposition fighters into Afghanistan.

Tajik President Imamali Rakhmanov reportedly wrote to United Nations Secretary-General Butrus Butrus-Ghali Monday, urging the UN Security Council to discuss the fighting.

The Tajik president also wrote to Russian President Boris Yeltsin to ask for Russia's help in solving the crisis.

Northeast Asia

Qiao Shi Makes Official Visit to Tokyo

Issues Goodwill Statement

OW1104035595 Beijing XINHUA Domestic Service in Chinese 1304 GMT 10 Apr 95

[By reporter Liu Wenyu (0491 2429 3768)]

[FBIS Translated Text] Tokyo, April 10 (XINHUA)—Qiao Shi, Chairman of the National People's Congress [NPC] Standing Committee, arrived at Tokyo's Haneda International Airport at 2:50 pm (Tokyo time) today, beginning his weeklong official goodwill visit to Japan.

He was invited by Takako Doi, speaker of the House of Representatives and Bunbei Hara, president of the House of Councillors.

The principal members of Qiao Shi's entourage also arrived on the same plane. They include his wife Yu Wen; Lei Jieqiong, chairman of the central committee of the China Association for Promoting Democracy; Cao Zhi, secretary general of the NPC Standing Committee; Yang Xizong, NPC deputy and chairman of the Sichuan Provincial People's Congress Standing Committee; Li Hao, member of the NPC Standing Committee and vice chairman of the NPC financial and economic committee; Vice Foreign Minister Tang Jiaxuan; and Qi Gong, chairman of the State Cultural Relics Appraisal Committee and vice curator of the Central Research Institute of Culture and History.

Qiao Shi issued a written statement at Haneda Airport. He first conveyed the Chinese people's cordial regards and best wishes to the Japanese people. He said, "China and Japan are close neighbors separated by only a strip of water and the friendly exchanges between the Chinese people and Japanese people go back to ancient times. With joint efforts made by both sides in the two decades and more since the normalization of Sino-Japanese relations, the two countries have made rapid progress in cooperation in all fields, and this cooperation is greatly benefiting both sides and is worth our celebration and treasuring. The maintenance and development of Sino-Japanese good-neighborly, friendly and cooperative relations conform to the fundamental interests and aspirations of the peoples of both countries and are conducive to peace, stability and prosperity in the Asia-Pacific region and in the world as a whole."

Qiao Shi said that the main purpose of his current visit to Japan is to make wide contacts with the Japanese Government and with all circles of the public, promote mutual understanding, enhance the friendly relations between the Chinese NPC and the Japanese Diet, and push the Sino-Japanese friendly and cooperative relations forward further. He expressed the belief that with the zealous and thoughtful arrangements made by the host, his visit to Japan will surely be a complete success.

During the visit Qiao Shi will pay a courtesy call on the Japanese Emperor and Empress, meet with the two Diet leaders, and Prime Minister Tomiichi Murayama, Foreign Minister Yohei Kono, and Minister of International Trade and Industry Ryutaro Hashimoto. He will also exchange views with personages of political, economic, and other circles of Japan.

After his visit in Tokyo, Qiao Shi will visit Japan's Nagoya and Kansei regions.

Meets Japanese Diet Leaders

OW1004144195 Beijing XINHUA in English 1417
GMT 10 Apr 95

[FBIS Transcribed Text] Tokyo, April 10 (XINHUA)—Japanese Diet leaders told top Chinese legislator Qiao

Shi today that Japan would not forget the bitter past it experienced half a century ago.

At a banquet in honor of Qiao, Chairman of the National People's Congress (NPC) Standing Committee, Japanese Speaker of the House of Representatives Takako Doi said she and her colleague, President of the House of Councillors Bunbei Hara, felt honored to have Qiao here in a year worth remembering for Japan.

She said that in a year when the whole world is celebrating the 50th anniversary of the victory of World War II, "Japan should not forget the bitter past it experienced."

On Japanese-Chinese relations, Doi said Japan should abide by the spirit enshrined in the Treaty of Peace and Friendship signed by the two countries.

She called for a stable relation between the two neighboring nations, which she believes would contribute to the peace and development not only in Asia but also in the whole world.

In reply, Qiao described the Japanese Diet as a galaxy of politicians. China appreciates the Diet's unremitting efforts in helping advance the bilateral friendly relations, he said.

Qiao said that both China and Japan have benefited from the increased contacts between their legislatures and the steady progress in the cooperation in various fields between the two countries since the normalization of bilateral relations more than 20 years ago.

1995 marks an important year for both China and Japan "to honor the past and usher in the future," Qiao stated.

The Chinese leader also hoped to take advantage of the current visit to conduct extensive contacts with the Diet and the Japanese people with a view to enhancing mutual understanding and pushing ahead the bilateral relations on the basis of historical lessons and experience.

Qiao arrived here this afternoon for a week-long official visit to Japan, which will be followed by a six-day trip to South Korea.

NPC-Diet Ties Emphasized

OW1104115595 Beijing XINHUA in English 1141
GMT 11 Apr 95

[FBIS Transcribed Text] Tokyo, April 11 (XINHUA)—Top Chinese legislator Qiao Shi said today politicians in China and Japan are duty-bound to help bring a healthy and stable relationship of good-neighborliness between the two countries into the 21st century.

Qiao, chairman of the Chinese National People's Congress (NPC) Standing Committee, made the remarks here today at separate meetings with Takako Doi, speaker of the House of Representatives and Bunbei Hara, president of the House of Councillors, of the Japanese Diet.

During the meetings, both sides expressed the hope for strengthening exchanges and cooperation between the Japanese Diet and the Chinese NPC.

At the meetings, Qiao said China has adopted a "looking forward" attitude in developing relations with Japan despite a span of unfortunate historical experience between them. "Past experience, if not forgotten, will be guide for the future," Qiao said, quoting an old Chinese saying. Both the speaker and the president shared Qiao's view.

Qiao said, "It is our sincere wish that Japan could learn lessons from the said historical period and the post-war situation in which enormous progress has been gained on the road of peace and development."

The Chinese NPC would continue to play a positive role, together with the Japanese Diet, in effecting a long-term and stable Sino-Japanese relationship on the basis of the principles stipulated in the Sino-Japanese Joint Statement and the Treaty of Peace and Friendship and in the spirit of "facing the current reality, eyeing the future, mutual trust and sincere cooperation," Qiao stressed.

Speaker Doi assured Qiao that Japan would take a sincere attitude towards the past and the future as well.

She said Japan and China should be friendly to each other for generations to come and Japan should take the attitude of looking beyond to the 21st century in handling historical events.

The speaker said a good Japan-China relationship would contribute to world peace and development.

She also said enhanced exchanges and cooperation between the Japanese Diet and the Chinese NPC would help boost the mutual understanding and friendship between the peoples of the two countries.

Doi suggested that the Japanese Diet establish formal links with the Chinese NPC. On this suggestion, Qiao stressed the exchange of visits.

At the meetings, Qiao also briefed the hosts on China's legislation, the enforcement of laws and the supervision over the performance of the government and the judicial departments.

Meets Japanese Royal Couple

OW1104122295 Beijing XINHUA in English 1201
GMT 11 Apr 95

[FBIS Transcribed Text] Tokyo, April 11 (XINHUA)—Japanese Emperor Akihito and Empress Michiko met with Qiao Shi, Chairman of China's National People's Congress (NPC) Standing Committee, in the Imperial Palace today.

Present at the meeting were NPC Standing Committee Vice-Chairman Lei Jieqiong, Chinese Ambassador to Japan Xu Dunxin, and Qiao Shi's wife Yu Wen.

After extending his welcome to Qiao, the Emperor recalled his visit to China in 1992 and said he was deeply impressed by the hospitality of the Chinese Government and people.

The emperor said he appreciated China's economic achievements in recent years and that Japan and China should further their cooperation in maintaining world peace.

He also thanked the Chinese Government and people for their aid rendered to the Japanese people shortly after the Hanshin earthquake in mid-January.

At the meeting, Qiao described Sino-Japanese relations as good, saying that China needs a peaceful and stable international environment for its economic development.

He added that China needs to maintain a good relationship with its neighboring countries and that China wishes to learn from the experience in economic development and management of Japan and other countries.

Qiao thanked the Japanese Government and other parties concerned for their care for the overseas Chinese and Chinese students who suffered from the mid-January earthquake.

During the earthquake, more than 40 overseas Chinese and Chinese students studying there were killed.

Meets Prime Minister Murayama

OW1104130395 Beijing XINHUA in English 1244
GMT 11 Apr 95

[FBIS Transcribed Text] Tokyo, April 11 (XINHUA)—Japanese Prime Minister Tomiichi Murayama today pledged further efforts to develop future-oriented relations with China based on Tokyo's repentance over the past.

"This year marks the 50th anniversary of the end of World War II. Japan will work hard towards the future to strengthen friendship and cooperation with China while deeply reflecting on its past," said Murayama.

Murayama made the remarks here during a luncheon given at the premier's official residence in honor of Qiao Shi, chairman of the Standing Committee of the National People's Congress (NPC) of China.

Qiao is on a week-long visit to Japan at the invitation of Japanese House of Representatives Speaker Takako Doi and House of Councillors President Bunbei Hara.

Murayama told Qiao that it is one of Tokyo's major foreign policies to further expand bilateral relations with China and offer as much cooperation as possible for China's modernization drive in line with the principles enshrined in the 1972 Joint Statement and the 1978 Treaty of Peace and Friendship between the two countries.

He said he looks forward to meeting Chinese leaders next month when he visits Beijing at the invitation of Chinese Premier Li Peng.

The Japanese prime minister also expressed thanks to China for providing materials and medicines in aid to Japan in the wake of the January 17 earthquake.

At the luncheon, Qiao said China and Japan have experienced unhappy times in this century. However, he added, "Past experience, if not forgotten, will be a guide for the future."

China will continue to take a positive stance on historical issues and push forward the development of Sino-Japanese relations into the 21st century, the NPC Chairman said.

ROK Official Says Economic Success Beneficial

OW1104104995 Beijing XINHUA in English 0959
GMT 11 Apr 95

[FBIS Transcribed Text] Beijing, April 11 (XINHUA)—China's dramatic success in economic reform and liberalization benefits not only China itself but also its trading partners, a senior trade official of the Republic of Korea (ROK) said here today.

The reform has succeeded because of its outward orientation accompanied by a rapid liberalization of trade and foreign investment, Kim Chul-su, ROK's ambassador for international trade, said at the ongoing "1995 China Summit".

As a result of the reform that has been focused on the introduction of the market mechanism, China has become a major player in the global economy to complement its political status in the world, Kim said.

China was the 8th biggest economy and the 11th largest trading nation in the world in 1994.

Kim said that the attraction of Chinese markets to its trading partners is "well attested" by the fact that exports to China of the U.S., Japan and the European Union have increased by an average annual rate of 20.7 percent, 36.5 percent and 19.2 percent, respectively, during the last five years.

China has also emerged as one of the most important trading and investment partners to its neighboring countries including ROK and other East Asian countries, he said.

"Considering China's volume of foreign trade and its future potential, it is natural and inevitable for China to become a member of the World Trade Organization [WTO]," Kim said.

For its trading partners, China's membership will create more opportunities in terms of market access to one of the largest developing markets in the world, he said.

"In the global context, China's entry will also strengthen the new trading organization, the WTO, and enhance the universality of this organization," the ambassador added.

Near East & South Asia

Vice Premier Meets Israeli Finance Minister

OW1104105495 Beijing XINHUA in English 1039
GMT 11 Apr 95

[FBIS Transcribed Text] Beijing, April 11 (XINHUA)—Chinese Vice-Premier Li Lanqing met here today with visiting Israeli Finance Minister Avraham Shohat and his party, and they exchanged opinions on issues of common concern.

Li said that China and Israel enjoy good relations in various fields such as politics, economy and trade, adding that with a high economic complementarity, he is optimistic about the economic cooperation and trade between the two countries.

Before the meeting, Director of the General Administration of Customs of China Qian Guanlin and Shohat signed a memorandum of understanding on administrative cooperation and mutual-assistance between the two countries' customs.

At noon today, Shohat delivered a speech at a luncheon for Chinese business people, saying that there are great potentials for initiating Sino-Israeli joint ventures concerning agriculture, irrigation technologies, chemical industry, telecommunications and computer industry.

Kuwaiti Prime Minister Leaves China

OW1004152695 Beijing XINHUA in English 1452
GMT 10 Apr 95

[FBIS Transcribed Text] Shanghai, April 10 (XINHUA)—Kuwaiti Crown Prince and Prime Minister Shaykh Sa'd al-'Abdallah al-Salim al-Sabah today left China at the end of his visit to Shanghai.

Before leaving, Shaykh Sa'd said, his visit to China is to promote the cooperation with China in economy and other areas, adding that Kuwait wishes to participate in the development projects in the Pudong Development Area of Shanghai.

During his stay in Shanghai, the Crown Prince visited the New District in Pudong and scenic spot Yuyuan Garden.

The Kuwaiti guests were seen off at the airport by Shi Dazhen, chairman of the Chinese Government Reception Committee and minister of Power Industry, and Hua Jianmin, vice mayor of Shanghai.

Nepali Prime Minister To Pay Official Visit

OW1104053595 Beijing XINHUA in English 0510
GMT 11 Apr 95

[FBIS Transcribed Text] Kathmandu, April 11 (XINHUA)—Nepali Prime Minister Man Mohan Adhikari

will pay an official goodwill visit to China from April 17 to 21 at the invitation of Chinese Premier Li Peng.

During his visit, Adhikari will meet Chinese President Jiang Zemin and hold talks with Li Peng, according to the Foreign Ministry here.

After completing his official visit to China, the Prime Minister will also pay an official visit to Mongolia.

Pakistan, China Sign Science Protocol

OW1004162795 Beijing XINHUA in English 1534
GMT 10 Apr 95

[FBIS Transcribed Text] Islamabad, April 10 (XINHUA)—Pakistan and China signed a protocol on scientific and technological cooperation here today.

According to the protocol, the two countries will cooperate in important areas like protecting environment, tapping water and energy resources, desertification control, genetic study, as well as development of agriculture, silicon technology and health care.

The protocol also provides for exchanges of delegations and experts as well as training opportunities in the two countries.

Pakistani Secretary of the Ministry of Science and Technology S.M. Qureshi and Chinese Vice-Minister of the State Science and Technology Commission Han Degian signed the protocol on behalf of their respective governments.

The five-member Chinese delegation has visited a number of research institutes in the areas of agriculture, electronics and silicon technology in Islamabad.

It arrived here Saturday night and will leave for home tomorrow.

Pakistan's Red Crescent Society Delegation To Visit

OW1104105595 Beijing XINHUA in English 1022
GMT 11 Apr 95

[FBIS Transcribed Text] Islamabad, April 11 (XINHUA)—A three-member delegation of the Pakistan Red Crescent Society (PRCS) will pay a six-day visit to China from April 16 to 22 at the invitation of the Red Cross Society of China (RCSC).

The delegation, consisting of Nassiruddin Azam Khan, chairman of the branch of Northwest Frontier Province, Maher Alavi, chairman of the Sindh provincial branch and Mir Rifat Mahmood, secretary general of PRCS, will visit Beijing, Shanghai and Tianjin.

"We are going to China to learn from the friendly country and see how the RCSC is functioning, especially in family planning and population control," Rifat Mahmood said.

This is the first time that a PRCS delegation is going to visit China.

Sri Lankan Official Announces Joint Venture

OW1004135095 Beijing XINHUA in English 1242 GMT 10 Apr 95

[FBIS Transcribed Text] Colombo, April 10 (XINHUA)—Two leading local business companies will sign agreements with two Chinese firms on setting up joint ventures for making sewing machines and electronic goods, a Sri Lankan official said here today.

Subhas Dias Bandaranaike, president of the Sri Lanka Association of International Understanding, said that the two Chinese companies came from Guangdong Province, a relatively developed region in China.

A Chinese trade exhibition organized by Guangzhou city, capital of Guangdong Province, is being held here for local business community to form joint ventures in Sri Lanka, Subhas said.

Sub-Saharan Africa

South African Official Meets Xie Shijie

OW1004232895 Beijing XINHUA in English 1824 GMT 10 Apr 95

[By Liu Yegang]

[FBIS Transcribed Text] Johannesburg, April 10 (XINHUA)—The Secretary General of the South African Communist Party (SACP) Charles Nqakula said here today that the SACP will continue maintaining its good relations and cooperation with the Communist Party of China (CPC).

Mr. Nqakula made the remarks when he met the Representative of the Central Committee of the CPC, Xie Shijie, who attended the just ended ninth National Congress of the SACP.

Nqakula said his party needs to learn experiences from the Chinese Communist Party for its current participation in South Africa's reconstruction and development program.

He expressed the hope that the two parties will further develop the existing good relations and cooperation in the future.

During the meeting, SACP Deputy Secretary General Jeremy Cronin said the SACP has followed up China's economic reform and is ready to learn the experiences which made great achievements realised in China.

The two sides discussed and exchanged views on issues of mutual concern.

The Director of the Chinese Centre for South African Studies, Ji Peiding, and some other SACP leaders also attended the meeting.

Xie Shijie, who is also the Party Secretary of the biggest province of Sichuan in China, arrived here last week to attend the SACP's Ninth National Congress, which concluded on April 8.

Anniversary of Relations Marked in Zimbabwe

OW1004233595 Beijing XINHUA in English 2125 GMT 10 Apr 95

[FBIS Transcribed Text] Harare, April 10 (XINHUA)—The Chinese Qigong and Magician Troupe gave its first performance at Monomatapa hotel here tonight to mark the 15th anniversary of the establishment of diplomatic relations between China and Zimbabwe.

Before the performance, the audience were served Chinese food made by three chefs who came from Beijing to mark the same occasion.

Opening the performance, Permanent Secretary for Education and Culture of Zimbabwe M.J. Mukurazhizha said the chefs, Qigong performers and magicians will provide the audience with an unforgettable experience of the power of the traditional Chinese keep-fit exercise and understanding of the Chinese way of life.

He praised the good relations between Zimbabwe and China in the past 15 years.

Chinese Ambassador to Zimbabwe Gu Xiner said it is the desire of both sides that through these activities the mutual understanding and friendship between the Chinese and Zimbabwean peoples will be further strengthened.

The visit of the troupe to Zimbabwe was arranged by the Chinese People's Association for Friendship With Foreign Countries and the ambassadors of both countries.

West Europe

Beijing Mayor Meets Stuttgart Counterpart

OW1004165695 Beijing XINHUA in English 1521 GMT 10 Apr 95

[FBIS Transcribed Text] Beijing, April 10 (XINHUA)—Li Qiyang, mayor of Beijing, today said, while meeting with Manfred Rommel, mayor of Stuttgart of Germany, that he wished the cooperation between the two cities will be strengthened.

Li said, Beijing has established friendship ties with two German cities, Berlin and Koln. Meanwhile, it has also started effective cooperation with other German cities in economy, culture and other areas.

According to statistics, up to now German businessmen have invested 87 projects in Beijing, with direct investment reaching over 200 million US dollars.

Rommel expressed his appreciation over the rapid development of the urban construction in Beijing. He hoped his city would have more cooperation and exchanges

with Beijing, while believing that the development between Chinese and German cities will get on a smooth track.

The purpose for the Rommel's current visit is primarily to understand China's political and economic situation and to discuss the possibility of cooperation between the two sides at the local level. The German delegation will also talk with its sister city Nanjing over cooperation and exchanges.

Vice President Meets German Entrepreneurs

OW1104093195 Beijing XINHUA in English 0914 GMT 11 Apr 95

[FBIS Transcribed Text] Beijing, April 11 (XINHUA)—Chinese Vice-President Rong Yiren met and had a cordial, friendly talk with Joachim Funk, chairman of the board of directors of Mannesmann AG of Germany, and his party here today.

Noting that China's economy will sustain an annual growth rate of eight to nine percent in the next few years, Rong said that while his country relies mainly on itself to develop its economy, it also hopes for extensive economic and technical co-operation with foreign businesses.

"We welcome foreign investment in China's infrastructure, and the high-tech field in particular," Rong said, adding that Mannesmann has many advantages in these respects and should augment its varied forms of co-operation with China.

Funk told Rong that he believes China is a country with great potential for development. Mannesmann has been co-operating with China for over 60 years and will participate more actively in the country's economic development, he said.

Mannesmann AG is a leading German conglomerate in industry and technology, with an annual turnover of 28 billion Deutsche marks.

Funk and his party are here on Sunday as guests of the Chinese Ministry of Metallurgical Industry.

Soares Prepares for Beijing Visit

Discusses Relations

OW1004135695 Beijing XINHUA in English 1258 GMT 10 Apr 95

[FBIS Transcribed Text] Macao, April 10 (XINHUA)—Portugal would maintain friendly relations with China till the next century, Portuguese President Mario Soares was quoted by Macao Television Station as saying.

In a special interview with the television this morning, the president said that one can not use external pressure to interfere with China's internal affairs, but can set up relations with China in the ways and means of coexistence, opening, friendship and peace.

Soares said during Macao's transitional period, both governments of China and Portugal can deal with the transitional affairs through peaceful talks and in ways both sides can accept. This is also his aim as the Portuguese president, he added.

Macao is very important to Portugal and Sino-Portuguese friendly relations are very important to Portugal's future, the president said.

Noting that China is a big market, Soares expressed his hope that more and more Portuguese businessmen would invest in China or set up joint ventures, which will be beneficial to both sides.

Soares also said he would do his best to further promote trade with China.

The Portuguese president left here for Beijing this afternoon after a three-day visit to Macao.

Arrives in Beijing

OW1004142995 Beijing XINHUA in English 1344 GMT 10 Apr 95

[FBIS Transcribed Text] Beijing, April 10 (XINHUA)—Portuguese President Mario Soares arrived here by special plane this evening on a state visit to China at the invitation of his Chinese counterpart Jiang Zemin.

Accompanying him on the visit are his wife Maria Soares, Foreign Minister Durao Barroso, Macao Governor General Vasco Rocha Vieira and State Secretary of Foreign Trade Luis Silva.

The Portuguese president and his party were greeted at the airport by Chen Bangzhu, chairman of the Chinese Government reception committee and minister of internal trade, Tian Zengpei, vice-minister of foreign affairs, and Chinese Ambassador to Portugal Wei Dong.

Also present were Portuguese Ambassador to China Jose Manuel Duarte de Jesus and diplomatic envoys of some countries here.

Before their arrival here, Soares and his party visited Macao.

Jiang Zemin is to host a ceremony, welcoming Soares and his wife and their party tomorrow. He will also hold talks with Soares on bilateral ties and international issues of common concern.

Bilateral Ties Praised

OW1104101995 Beijing XINHUA in English 0943 GMT 11 Apr 95

[FBIS Transcribed Text] Beijing, April 11 (XINHUA)—Chinese President Jiang Zemin said here today that China places great importance on developing its ties with Portugal, and is satisfied with their relationship.

Jiang made the remark during talks here this morning with his Portuguese counterpart Mario Soares, who arrived here Monday evening on a state visit as Jiang's guest.

Jiang said that since China and Portugal established diplomatic relations 16 years ago their co-operative ties have developed in the fields of politics, economy, culture and science and technology. In particular, there have been political contacts between high-ranking officials of the two countries over the past few years.

These have given an important impetus to deepening mutual understanding, increasing friendship and promoting Sino-Portuguese ties, he said.

Jiang expressed his appreciation of the positive contributions that President Soares, as one of the first heads of state from Western Europe to lead a delegation to visit China, has made to bilateral ties and co-operation on the question of Macao.

He said, developing China-Portuguese friendly ties and co-operation conforms to the fundamental interests of the two peoples.

China is ready to make concerted efforts together with Portugal to push forward bilateral ties based on the principles of respect, equality and mutual benefit, he added.

Referring to bilateral economic relations and trade, Jiang noted that recent years have seen rapidly growing economic co-operation and a rising trade volume.

Although the scale of such co-operation is not very large, yet its prospects are bright, he said, adding that there still exists potential in this regard.

Jiang said he was convinced that so long as the two sides work hard to overstep the limitations of the traditional forms for trade, open up new ways and increase mutual investment, Sino-Portuguese economic co-operation and trade will surely take a new step.

On the Macao issue, Jiang said, eight years ago China and Portugal signed the Joint Declaration on the Question of Macao, setting a good example for the peaceful settlement of issues left over by the history in the world.

Since then, he said, the two sides have earnestly implemented the joint declaration, resulting in fruitful co-operation.

Jiang stressed that facts show that so long as the two sides hold consultations on the basis of mutual accommodation and understanding in advance, important issues concerning the transitional period of Macao can be properly settled.

"I believe that so long as the two sides respect each other, strengthen consultations and closely co-operate, every kind of issue appearing during the transitional period in

Macao will be solved and Macao's smooth transition, long-term stability and development ensured," he said.

Extending a warm welcome to Soares, Jiang reviewed his meeting with him during a visit to Portugal in 1993, and said he believed that Soares' current China visit will further bilateral ties and strengthen their good co-operation on the question of Macao.

Soares said the Portuguese people from all walks of life shared a common view on developing Portugal-China ties and the Portuguese government will actively promote such ties.

Over the past few years, he said, the leaders of the two countries have exchanged frequent visits, which have played an important role in enhancing bilateral ties in every aspect.

He expressed a desire for entrepreneurs of the two countries to increase co-operation and mutual investment so as to promote bilateral economic ties and trade.

Soares said he was satisfied with the good co-operation between the two countries on the question of Macao.

He said they should solve this issue in a proper way so as to guarantee Macao's stability and development, and the smooth transfer of power. The successful settlement of the question of Macao will become a good example for solving disputes among nations.

Soares said the Portuguese Government supports China in its bid to join the World Trade Organization. Jiang thanked him for this.

Jiang said China, which is conducting reform and opening up, needs to take part in multi-lateral trade systems, while the General Agreement on Tariffs and Trade (GATT) and the World Trade Organization also need China.

The World Trade Organization will not be complete without China, whose trade volume ranks 11th in the world, Jiang said.

He explained that the World Trade Organization has now been founded and China's door for negotiations is still open. China, no matter what time it joins the World Trade Organization, will actively expand its economic co-operation and trade with countries all over the world and every region on the basis of equality and mutual benefit.

Jiang stressed that China will neither change its determination to establish a socialist market economy nor cease its cause of reform and opening up.

He said China has sincerity toward and determination for the resumption of its status as a contracting party in GATT.

But, he said, China adheres to the principle of balance of rights and obligations. China, as a developing country, will undertake its rights and obligations in GATT, but

will not sacrifice its principles in order to resume its status as a contracting party in GATT.

He expressed the hope that all parties concerned would consider this issue from a long-point of view.

Prior to the talks, Jiang hosted a welcoming ceremony for Soares, his wife and their party.

This evening Jiang will give a banquet in honor of the Portuguese guests.

Former British Prime Minister Presents Album

OW1004162995 Beijing XINHUA in English 1532 GMT 10 Apr 95

[FBIS Transcribed Text] Beijing, April 10 (XINHUA)—Visiting former British Prime Minister Edward Heath presented 5,000 copies of the Album "China The Beautiful" to the Chinese government here today.

Liu Shuqing, president of the Chinese People's Institute of Foreign Affairs, received the present on behalf of the Chinese government.

The album, whose photos were taken by British photographer-author Anthony Osmond-Evans, is a distillation of 75,000 photographs taken during his several China tours over the past 12 years.

It serves as a panorama of China's illustrious past and thriving present seen through Western eyes.

In his forward to the book, Heath states, "I believe that 'China The Beautiful' will establish itself as one of the land-mark publications in recording the splendours of this immense, ancient, and mysterious land."

At today's presentation ceremony, Liu expressed his appreciation and thanks to the author, saying that the album would reinforce the friendship between the British and Chinese people as well as help the British people as well as people all over the world to get a better understanding of China.

It was reported that some of the presentation copies will go to China's principal universities and libraries.

East Europe

Outgoing Ambassador Meets Romanian President

OW1104111695 Beijing XINHUA Domestic Service in Chinese 0113 GMT 7 Apr 95

[By reporter Zhu Youzhi (2612 2589 2535)]

[FBIS Translated Text] Bucharest, 6 Apr (XINHUA)—During a meeting with outgoing Chinese Ambassador Li Fenglin on 6 April, Romanian President Ion Iliescu said: Romania hopes to further develop its relations with China, which were founded on mutual respect and mutual benefit. He emphasized: The Romanian Government highly regards the achievements made by the

Chinese people in economic development, as well as the important role they play in international affairs. Iliescu asked Ambassador Li Fenglin to convey his regards to Chinese leaders.

Qian Qichen Pays Visit to Belgrade

Meets FRY's President Lilic

OW1104015195 Beijing XINHUA Domestic Service in Chinese 1522 GMT 10 Apr 95

[By reporter Yang Chengming (2799 2052 2494)]

[FBIS Translated Text] Belgrade, 10 Apr (XINHUA)—Qian Qichen, Chinese vice premier and foreign minister met today with Zoran Lilic, president of the Federal Republic of Yugoslavia, in the Federal Building. The two had a friendly conversation.

Lilic said: Vice Premier and Foreign Minister Qian Qichen's visit is proof of Yugoslav-Chinese friendly relations, and it will surely promote further the friendly cooperation in all fields between the two countries. The government and people of the Federal Republic of Yugoslavia appreciate the Chinese Government's consistent and principled stand on the regional issue of the former Yugoslavia.

Qian Qichen first conveyed President Jiang Zemin's cordial regards to President Lilic. He said: The Chinese Government is following closely the situation in the former Yugoslavia. Failure to promptly solve the crisis in the region has caused serious losses to the people in both southern European nations and neighboring countries, and is detrimental to peace and stability in Europe. China hopes that the Bosnia-Herzegovina ceasefire will continue, and that the international liaison group will make progress in its mediation, so as to bring about a just and reasonable solution to the Bosnia-Herzegovina crisis. China supports the international community in relaxing its sanctions on the Federal Republic of Yugoslavia and hopes that the sanctions will be completely lifted at an early date.

Qian Qichen said: The Federal Republic of Yugoslavia is an important country in the Balkan region and it can play an important role in solving the crisis in the former Yugoslavia. China believes that the key to peace and stability in Europe as a whole lies in friendly relations among countries in the former Yugoslavia.

Lilic asked Qian Qichen to convey his regards to President Jiang Zemin. He said: Peace talks are the only way to solve the crisis in the former Yugoslavia region. The government of the Federal Republic of Yugoslavia will take the road of peace and will first make every effort to stop the war in Bosnia-Herzegovina.

Further on Visit With Lilic

OW1004174095 Beijing XINHUA in English 1527 GMT 10 Apr 95

[FBIS Transcribed Text] Belgrade, April 10 (XINHUA)—President of the Federal Republic of Yugoslavia

Zoran Lilic today met with visiting Chinese Vice-Premier and Foreign Minister Qian Qichen.

Qian reaffirmed China's support for the lift of the UN Sanctions on Yugoslavia.

Qian said China is following closely the situation in the region and hopes that the conflict in Bosnia-Herzegovina will come to an end as soon as possible.

The Federal Republic of Yugoslavia can play an important role in solving the crisis in former Yugoslavia, said the Chinese minister.

Lilic expressed his appreciation of China's consistent stance on the former Yugoslavia issue.

Lilic said that only through peace talks can the problem be solved and that his government will continue to seek peace and make efforts to bring the war in Bosnia-Herzegovina to an end.

Meets Yugoslav Prime Minister

OW1104030595 Beijing XINHUA in English 0251
GMT 11 Apr 95

[FBIS Transcribed Text] Belgrade, April 10 (XINHUA)—Yugoslav Prime Minister Radoje Kontic today met visiting Chinese Vice-Premier and Foreign Minister Qian Qichen.

Qian, who arrived here on Sunday [9 April] for a three-day visit, said his visit has enabled him to achieve his objectives—observing the situation in the former Yugoslavia and discussing the development of bilateral relations with Yugoslav leaders.

Kontic praised China for having adopted principled and objective policies toward the former Yugoslavia.

He said the Federal Yugoslav government supports the peace plan proposed by the international community.

He added that the most important thing now is to extend the Bosnian cease-fire agreement.

Qian also today met Radoman Bozovic, chairman of the Chamber of Citizens of the Yugoslav Parliament.

Qian said that China and Yugoslavia have traditional ties of friendship and that contact between the two parliaments would help foster cooperation between the two countries.

Bozovic said Qian's visit would improve the development of bilateral ties and also benefit peace and stability in Europe.

He said he hoped relations between the Chinese and Yugoslav parliaments could be strengthened and expanded.

Hopes for Sanctions' End

OW1104052795 Beijing XINHUA in English 0508
GMT 11 Apr 95

[FBIS Transcribed Text] Belgrade, April 10 (XINHUA)—China hopes that a possible lifting of the UN-imposed sanctions against Yugoslavia will revive the region's peace process and finally bring peace to the region, Chinese Vice Premier Qian Qichen said here today.

"We hope to see the temporary truce (in Bosnia-Herzegovina) turned into a permanent peace and the easing of the UN sanctions into their eventual lifting," Qian said.

China also expects the region's hostilities and distrust to be replaced by mutual recognition and good neighborly relations of mutual benefit and mutual respect, he added.

Qian, who arrived here on Sunday [9 April] for a three-day visit, told reporters that China believes that Yugoslavia, as an important country in the Balkans, can play a vital role in the maintenance of the region's peace and stability.

Qian, who is also China's foreign minister, emphasized that China is eager to see peace and stability restored to the former Yugoslavia and throughout the entire Balkan region.

He also expressed the hope that a fair and reasonable settlement, which meets the approval of all the parties concerned, can be found as soon as possible to bring an end to the ongoing crisis.

As to relations between former Yugoslav republics, Qian reiterated that the original boundaries of these republics should not be altered and that their sovereignty and territorial integrity should be fully respected.

Qian emphasized that China, together with the international community, is ready to support any action or proposal that will help to ease and defuse tension in the region.

At the news conference, the Chinese vice premier also spoke of the purpose of his brief visit to the Federal Republic of Yugoslavia.

He said he came here to gain a first-hand understanding of the situation in former Yugoslavia and to explore the possibilities of developing cooperation with Belgrade in various fields, including economics and trade.

Qian said some documents and accords were signed by the two countries and that another important agreement on bilateral trade and cooperation is expected to be signed within this year.

According to Qian, all these moves are designed to quickly restore and expand China's economic ties with

Yugoslavia once the nearly three years of UN sanctions against the latter are removed.

Latin America & Caribbean

Beijing Hopes For Closer Ties with Ecuador

OW1104092995 Beijing XINHUA in English 0901
GMT 11 Apr 95

[FBIS Transcribed Text] Beijing, April 11 (XINHUA)—Chinese Vice-President Rong Yiren said here today that China hopes for enhanced ties with Ecuador in political, economic, cultural and other fields.

Rong made the remark during his meeting with Heinz Moller Freile, president of the National Congress of Ecuador, and his party, who are here on a ten-day visit as guests of the Standing Committee of the Chinese National People's Congress.

As developing countries, China and Ecuador, though far apart geographically, share many common points, Rong said.

Since setting up diplomatic ties some 15 years ago, the two countries have maintained frequent political, economic and cultural exchanges, which have played a positive role in promoting mutual understanding, enhancing friendship and economic co-operation, Rong said.

He also noted the successful visit to China by Ecuadoran President Sixto Duran Ballen Cordovez last year, saying that the visit gave an important push to Sino-Ecuadoran relations.

He expressed the hope that the current visit would help to further promote the development of the bilateral friendly, co-operative ties.

During the meeting, Rong voiced his appreciation for Ecuador's adherence to the principles laid down in the joint communique on the establishment of Sino-Ecuadoran relations, and for its "One China" stance.

Rong expressed the hope that the Ecuadoran Government would guard against activities of the Taiwan authorities aimed at creating "Two Chinas" or "One China, One Taiwan" and at sabotaging the bilateral relations of friendship.

Discussing the border conflicts between Ecuador and Peru, Rong noted that both nations are friends of China. "We sincerely hope that Ecuador and Peru will be able to settle properly their disputes through peaceful means so as to maintain good-neighborly relations," he said.

Moller said that Ecuador admires China for its economic achievements and values its ties with China.

He voiced the hope that the visit would help to deepen the cultural, diplomatic and economic relations between the two countries.

Political & Social**CPC Elder Chen Yun Dies; Announcements Made****KYODO Reports Death**

OW1004152395 Tokyo KYODO in English 1511 GMT 10 Apr 95

[FBIS Transcribed Text] Beijing, April 10 KYODO—Elder Chinese revolutionary leader Chen Yun died Monday [10 April] at the age of 89, Chinese sources in Beijing said.

Chen, who joined China's Communist Party in 1925 and participated in the legendary Long March, was often portrayed as leading China's left-wing Marxist opposition during the post-1978 economic reforms of 90-year-old paramount leader Deng Xiaoping.

Nominally retired in 1987, Chen wielded enormous influence among China's party and governmental officials. His last public appearance was at spring festival activities in 1994.

He is survived by his wife Yu Ruomu and son, Chen Yuan, a vice governor for the People's Bank of China, the country's central bank, and other sons and daughters.

State Council Spokesman Confirms

HK1104045795 Hong Kong AFP in English 0447 GMT 11 April 95

[FBIS Transcribed Excerpt] Beijing, April 11 (AFP)—Chen Yun, communist hardliner and a longtime rival of senior leader Deng Xiaoping, has died at the age of 90, the Chinese government announced Tuesday [11 April]. One of the original "eight immortals," the elite group of revolutionary veterans, Chen was the architect of China's economic policy in the 1950s, following a strict Stalinist model of central control. He retained enormous influence throughout the 1980s despite his opposition to the economic reforms of Deng Xiaoping.

A State Council spokesman said Chen died on Monday. But gave no other details. Other Chinese sources said Chen died on Monday afternoon in a Beijing hospital.

Qiao Shi, president of the National People's Congress (NPC), told Japanese officials during a visit to Tokyo, that Chen's health had been fragile but that no-one had expected his death so suddenly, Japan's JIJI PRESS news agency reported.

The official media did not immediately announce the death. But the government spokesman said XINHUA news agency and television would devote important coverage of the event.

The Marxist economist, who spent most of the year in the eastern city of Hangzhou was recently transferred to the Chinese capital for treatment for pneumonia, the Chinese sources said. According to some reports, he was also suffering from cancer.

Though physically small—there were often rumours of leukemia or cancer—the Shanghaiese politician, remained consistently powerful even if rarely seen in public. His last appearance was on television in February 1994 during the Lunar New Year, the time of the last public appearance of Deng, also 90, whose health is also on the decline. [passage omitted on biographical information]

Qiao Shi Confirms Death

OW1104041095 Tokyo KYODO in English 0404 GMT 11 Apr 95

[FBIS Transcribed Text] Tokyo, April 11 KYODO—Qiao Shi, the head of China's legislature, officially confirmed Tuesday [11 April] the death of hard-line revolutionary leader Chen Yun in a meeting with House of Representatives Speaker Takako Doi, officials said.

Chinese sources in Beijing on Monday [10 April] disclosed that the 89-year-old Chen died in Beijing the same day from causes that have yet to be disclosed.

When Doi expressed condolence on the reported death of China's second most influential leader after Deng Xiaoping, Qiao said the death came as unexpected even though Chen had been ill for some time.

Qiao, chairman of the Standing Committee of the National People's Congress (NPC), arrived in Tokyo on Monday for an eight-day visit for talks with government and industrial leaders.

During the meeting with Doi, Qiao indirectly expressed hope that the Diet will adopt a no-war resolution, officials said.

Qiao also told Doi, "I believe the Diet as the supreme body and a sole legislature will play an important role with a sense of responsibility and a sense of mission" in paving the way for the future of bilateral relations, the officials said.

Qiao said, "Japan and China have experienced unhappy times in this century. China always takes a positive stance on historical issues, and I hope the Japanese side will also pave the way for the future based on China's position," according to the officials.

Doi told Qiao, "we should reflect on ourselves, not forgetting the past, to make use of past lessons in the future," the officials said.

Qiao also had talks with House of Councillors president Bunbei Hara on the same day.

Later, Qiao had lunch with Prime Minister Tomiichi Murayama and they exchanged views on such issues as bilateral relations, Japanese officials said.

Welcoming Qiao at the premier's official residence, Murayama said Japan hopes to deepen friendly ties with China through the visit of Qiao.

TA KUNG PAO Reports Death

HK1104005495 Hong Kong TA KUNG PAO in Chinese
11 Apr 95 p 1

["Special dispatch" from Beijing 10 April: "CPC Elder Chen Yun Died in Beijing Yesterday at the Age of 90"]

[FBIS Translated Text] Beijing, 10 April (TA KUNG PAO)—Chen Yun, an important CPC elder, died at Beijing's Beijing Hospital today at the age of 90.

His son, Chen Yuan, is vice governor of the People's Bank of China. He could not attend the "1995 Conference of China's International Economic Forum," which opened in Beijing today, because of the death of Chen Yun. He had originally planned to make a speech entitled "The Present Financial Reform and Development in China" at 1415 today. The speech was later read by Chen Yaoxian, assistant to the governor of the bank.

Chen Yun was formerly called Liao Chenyun. He was born in Shanghai in 1905, and joined the CPC in 1925. He took part in the Long March, and attended the Zunyi Conference. After the establishment of the Communist regime in 1949, he held the posts of vice premier of the Government Administration Council, and concurrently chairman of the Financial and Economic Commission; minister of heavy industry; vice premier of the State Council, and concurrently minister of the Ministry of Commerce; and chief of the Central Financial and Economic Leading Group. He was vice chairman of the fourth and fifth National People's Congress [NPC] Standing Committees; member of the Political Bureau of the sixth and seventh CPC Central Committees, and alternate member of the Central Secretariat. He was also vice chairman of the eighth and 11th CPC Central Committees, and member of the Executive Committee of the Political Bureau of the 12th CPC Central Committee. At the Third Plenary Session of the 11th CPC Central Committee, he was elected first secretary of the Central Discipline Inspection Commission. In 1987, he was elected chairman of the Central Advisory Commission. After that, he was relieved of all his posts, but he still enjoyed popular love and esteem.

'Delay' in Announcement Noted

HK1104023195 Hong Kong HSIN PAO in Chinese 11
Apr 95 p 2

[Report: "CPC Elder Chen Yun Passes Away"]

[FBIS Translated Excerpt] As disclosed to this reporter by a source, CPC elder Chen Yun died yesterday, but there has been no official announcement of his death. This method of handling such an event has rarely been seen in the past.

It has been learned that the news of Chen Yun's death from illness yesterday already has been transmitted to the principal press units in Beijing, but that the authorities also announced that the relevant news would not be

released until today. It is reported that because news of Chen Yun's death came rather suddenly, the CPC Central Committee must take time to study the wording of the memorial speech and to make an individual assessment of him. That is why the news could not be released earlier. There is another formulation, however, that the delay is because the CPC wants to prevent some people from stirring up trouble by capitalizing on Chen Yun's death. Hence, it will make security and defense arrangements in Beijing before an official announcement is made. [passage omitted]

'Rumors' of Death Reported

HK1104003795 Hong Kong HONGKONG STANDARD
in English 11 Apr 95 p 1

[FBIS Transcribed Text] The sudden cancellation by Chen Yun's son of a scheduled speech at an important international seminar in Beijing yesterday triggered speculation that the party elder has died. Rumours spread in official circles in the Chinese capital that the 90-year-old Chen died about 4 pm yesterday.

Chen Yuan, vice-governor of the People's Bank of China, the central bank, was scheduled to give a speech to the "1995 China Summit" on reforms to the country's banking system. The younger Chen and his sister Chen Weili, chairwoman of a Hong Kong-based firm, could not be contacted for comment last night.

However, cabinet-level Chinese officials and government agencies last night refused to confirm the rumours. They said that even if the rumours proved to be true, it would be impossible for Beijing to make an early public announcement.

Chen Yun, arch-rival of paramount leader Deng Xiaoping and most senior conservative in the Communist Party retired from his last official duty as chairman of the Central Advisory Commission in 1992. He was last seen on television during last year's Lunar New Year festivities.

XINHUA Runs Chen Yun Obituary

Domestic Version

OW1104130195 Beijing XINHUA Domestic Service in
Chinese 1150 GMT 11 Apr 95

[FBIS Translated Text] Beijing, 11 Mar (XINHUA)—Obituary issued by the CPC Central Committee, the National People's Congress [NPC] Standing Committee, the State Council, the Chinese People's Political Consultative Conference [CPPCC] National Committee, and the Central Military Commission.

With deep grief, the CPC Central Committee, the NPC Standing Committee, the State Council, the CPPCC National Committee, and the Central Military Commission announce that, Comrade Chen Yun—a great proletarian revolutionary and statesman, an outstanding

Marxist, one of the pioneers and founders of China's socialist economic construction, and a long-tested leader of the party and the state—died of illness in Beijing at 1404 [0604 GMT] on 10 April 1995. He was 90.

Comrade Chen Yun's life was a brilliant one dedicated to the strenuous struggle for the complete liberation of Chinese people of all nationalities, and for building a socialist society in China.

Comrade Chen Yun was a native of Liantang town in Shanghai's Qingpu county. In the winter of 1919, 15-year-old Comrade Chen Yun, influenced by the May 4th Movement, worked as an apprentice, and then as a clerk, at the Shanghai Commercial Press, thus coming into contact with and accepting revolutionary democratic and communist ideas. In 1925, he took part in the May 30th Movement in Shanghai. In August the same year, as chairman of the workers' committee of the Commercial Press' Distribution Center, he took part in leading the workers' of the publishing house in staging a general strike, and won. Soon afterwards, he joined the CPC and became a proletarian vanguard dedicated to the communist cause. From 1926 to 1927, Comrade Chen Yun took part in the three armed uprisings which workers in Shanghai staged in coordination with the National Revolutionary Army's northern expedition. After the great revolution of 1927 failed, he accepted the party organization's assignment and went to Qingpu to organize the peasants there in staging an armed uprising. As a result of that, he was wanted by the Kuomintang [KMT] reactionary government.

From 1929 to 1932, Comrade Chen Yun took part in leading the peasants' movement and the workers' movement in Shanghai, and took part in the party Central Committee's leadership. He served as a member of the Jiangsu Provincial CPC Committee Standing Committee and concurrently secretary of the agricultural committee, secretary of the Shanghai Zhabei District Party Committee, secretary of the Fanan District Party Committee, secretary of the Jiangsu Provincial Party Committee, secretary of the the CPC Central Committee Special Section, member and standing committee member of the Provisional CPC Central Committee in Shanghai, secretary of the All-China Federation of Trade Unions Party Group, and other offices. During a by-election conducted at the Third Plenary Session of the Sixth CPC Central Committee in 1930, he was elected an alternate member of the CPC Central Committee; and during the Fourth Plenary Session of the Sixth CPC Central Committee in 1931, he was elected a member of CPC Central Committee.

In January 1933, Comrade Chen Yun left Shanghai and arrived in Ruijin, the revolutionary bastion of the CPC Central Committee, and continued to take part in the leadership of the party Central Committee and the All-China Federation of Trade Unions. During the Fifth Plenary Session of the Sixth CPC Central Committee in 1934, he was elected a member of the CPC Central

Committee Political Bureau, a member of its standing committee, and concurrently head of the White [KMT-controlled] District Operation Department. During the world-renowned Long March of the Chinese workers and peasants, Comrade Chen Yun served as the CPC Central Committee representative at the Fifth Army Corps, political commissar of the column under the Military Commission, and political commissar of the River-(Jinshajiang) Crossing Headquarters. During the Zunyi Conference in January 1935, he actively supported Comrade Mao Zedong's correct proposal. After the meeting, he wrote the "Zunyi Enlarged Political Bureau Conference Outlines for Transmission," and transmitted the outlines among the troops himself. The outlines were an invaluable historical document written at the time China's revolution was heading from defeat towards victory.

During the Long March in June 1935, Comrade Chen Yun, in his capacity as representative of the CPC Central Committee, arrived in Shanghai from Sichuan to restate and develop the party's clandestine operations there. In September the same year, he arrived in Moscow to report to the Communist International about the strategic relocation of the CPC Central Committee and the Central Red Army to northwest China as well as the Zunyi Conference, and to work with the CPC Central Committee delegation to the Communist International. To widely publicize the virtually unknown facts about the Long March of the Chinese Workers-Peasants Red Army, he wrote the book, "What I Saw and Heard During the Army's Westward March," which began to be published in France, the Soviet Union and China in March 1936. After he returned home in April 1937, he served as the CPC Central Committee representative in Xinjiang. Taking advantage of the opportunity created by the KMT-CPC cooperation in the War of Resistance Against Japan, he assisted more than 400 soldiers of the West Route Army in entering Dihua (now Urumqi), and organized them in studying academic subjects and military technology. He also formed the first CPC-led air unit.

At the end of October 1937, Comrade Chen Yun arrived in Yanan where the CPC Central Committee operated, and during the nearly seven years in which he served as the head of the Central Organization Department, he contributed significantly to party-building, both theoretically and practically. Of the many articles he wrote and the many documents about party-building he drafted in those days, the one entitled "How to Be a Communist Party Member" was incorporated into the "Party Rectification Documents" published for all party members to study. In March 1944, Comrade Chen Yun served as vice chairman of the Northwest Financial and Economic Affairs Office and concurrently the director of its political department, taking charge of financial and economic affairs in the Shaanxi-Gansu-Ningxia border areas, thus contributing significantly to combating the financial and economic difficulties created by the blockade of the KMT armed forces and the Japanese puppet troops.

the party in rectifying party work style is to persist in and implement the principle of democratic centralism prescribed in the party Constitution. He pointed out: In the course of reform and opening up, the question of "loosening ties" does not exist as far as the principle of party spirit and party discipline is concerned. The basic task of the party's discipline inspection organs is precisely to safeguard party rules and regulations and to rectify party work style. He repeatedly reminded leading departments at all levels of the need to pay close attention to and to seriously deal with various negative phenomena of society, and to promote material civilization and socialist spiritual civilization simultaneously.

In the decade from the Third Plenary Session of the 11th CPC Central Committee to the 13th CPC National Congress, Comrade Chen Yun had made great efforts for gradually constructing China into a prosperous, strong, democratic, and civilized socialist modern state. He had thrown a great deal of energy into the work for strengthening the unity of various parties, nationalities, and personalities of various circles around the country; for consolidating and developing the patriotic united front line; and for achieving the recovery of the exercise of sovereignty over Hong Kong and Macao as well as the peaceful reunification of the two sides of the Taiwan Strait in light of the idea of "one country, two systems."

Comrade Chen Yun retired from the leading post in the CPC Central Committee and assumed the post of the chairman of the Central Advisory Commission after the 13th CPC National Congress. Comrade Chen Yun played a very important role in the smooth transition from the second-generation central leading collective with Comrade Deng Xiaoping as the core to the third-generation central leading collective with Comrade Jiang Zemin as the core and in making important policies for maintaining the stability of the party and the state. After the 14th CPC National Congress, he lived in retirement, but still showed his concern for the cause of reform, opening up, and socialist modernization drive the entire time. He particularly stressed: The scale of China's current economic construction is far larger and more complicated than before; many effective measures in the past are no longer applicable under the new circumstances of present reform and opening up. This requires our efforts to learn new things and constantly probe into and solve new problems. He ardently hoped that all CPC comrades and people of various nationalities around the country would safeguard and strengthen the authority of the CPC Central Committee with Comrade Jiang Zemin as the core. Without the central committee's authority, we could never accomplish important tasks and society would not enjoy stability.

In his revolutionary career of over 70 years, Comrade Chen Yun remained faithful to the lofty ideals and the great cause of communism; he could be called a model with his absolute devotion to the party and people. He persisted in and succeeded in integrating the basic tenets of Marxism with China's specific realities. He led the

revolutionary struggle, economic construction, and party building in a creative way, thus displaying the foresight, sagacity, and leading capability of a proletarian revolutionary. His thinking and viewpoints are collectively displayed in the third volume of his selected works; his written works are a valuable spiritual fortune he left to the party and people. Possessing a firm proletarian party spirit, he subjected himself to the overall situation, adhered to principles, safeguarded unity, observed discipline, remained open and aboveboard, and behaved modestly and prudently. He always adhered to the principle of seeking truth from facts and assumed a rigorous scientific attitude. He was good at soliciting different opinions and had a work style that attached importance to practice, doing the job himself, and working in a steadfast, meticulous, resourceful, and decisive manner. He maintained ties with the masses, showed concern for them, and respected their creativity. He took good care of cadres, cherished the talented, and respected knowledge. As a hard-working person who lived a plain life, he worked selflessly for the public interest. He enjoyed high prestige at home and abroad and was deeply revered and beloved by the entire party, army, and people of all nationalities throughout the country.

The death of Comrade Chen Yun is a tremendous loss to the party and state. In our deep mourning over his death, we shall turn grief into strength, earnestly emulate his lofty revolutionary spirit and fine moral character, closely unite around the CPC Central Committee with Comrade Jiang Zemin as the core, firmly follow the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, unswervingly implement the party's various principles and policies, and strive and struggle to achieve the revitalization of the Chinese nation and China's socialist modernization!

Eternal glory to Comrade Chen Yun!

English Version

OW1104102295 Beijing XINHUA in English 1009
GMT 11 Apr 95

["Retired Senior Chinese Leader Chen Yun Passes Away"—XINHUA headline]

[FBIS Transcribed Text] Beijing, April 11 (XINHUA)—Retired senior Chinese leader Chen Yun died of illness at 14:04 hours here yesterday at the age of 90, according to an obituary issued here today.

The obituary, issued by the Central Committee of the Communist Party of China (CPC), the Standing Committee of the National People's Congress, the State Council, the National Committee of the Chinese People's Political Consultative Conference (CPPCC), and the Central Military Commission (CMC), describes Chen as a great proletarian revolutionary and statesman, an outstanding Marxist, one of the pioneers and

founders of China's socialist economic construction, and a long-tested brilliant leader of the Party and the State.

"The life of Chen Yun was a glorious one which he dedicated to the liberation of the people of all ethnic groups in China and to the building of a socialist society in the country," the obituary says.

At the age of 15, Chen, a native of Qingpu County in Shanghai, started working at the Shanghai Commercial Press where he began to be influenced by the ideas of democracy and communism.

In 1925 when he was 20, he led a successful strike of the Commercial Press, and in the same year, he joined the Communist Party of China (CPC) which was founded in 1921.

In the 1926-1927 period Chen participated in the three armed uprisings in Shanghai, and organized an armed peasant rebellion in his native county. As a result, he was put on the Kuomintang government's wanted list.

Between 1929 and 1932, he involved himself in peasants' and workers' movements in Shanghai, and took part in the leadership of the CPC Central Committee.

He was elected a member of the CPC Central Committee in 1931 and became member of the Political Bureau of the Central Committee in 1934.

During the Long March, a major strategic movement of the Chinese Workers' and Peasants' Red Army between 1934 and 1935, Chen acted as CPC Central Committee representative in the Fifth Army Group and political commissar of the Military Commission Column.

In June 1935 Chen left Sichuan Province to return to Shanghai to resume underground Party activities in the capacity of representative of the CPC Central Committee.

In September of the same year he went to Moscow to report the strategy of the Red Army to the Communist International and worked within the Chinese delegation at the International. In April 1937, he returned to China and worked as CPC representative in Xinjiang.

In October 1937 Chen arrived in Yanan, the site of the CPC Central Committee. He worked as head of the Organization Department of the Central Committee for nearly seven years and made great contributions to the building of the Party.

In 1944 Chen was put in charge of financial and economic affairs in the Shaanxi-Gansu-Ningxia Border Region.

After the victory of the Anti-Japanese War, Chen served as one of the principal leaders in the liberation of northeast China.

After the founding of the People's Republic of China in 1949 Chen was appointed vice-premier and minister in charge of the Finance and Economy Commission,

leading the country's financial and economic work for a long period. He also served as member of the Secretariat and vice-chairman of the CPC Central Committee. Mao Zedong once spoke highly of Chen's ability in leading national financial and economic work.

On the issue of China's socialist economic construction, the obituary says, Chen always adhered to the principle of proceeding from reality and seeking truth from facts, and opposed a rash attitude and a wrong tendency of being too eager to achieve success disregarding actual conditions.

He stressed that the scale of construction must be adapted to the country's overall economic strength, and consideration must be given to both State construction and the people's livelihood at the same time. The drafting of economic plans, he insisted, must aim at an overall balance in financial revenue and expenditure, bank credit, material supply and demand, and foreign exchange income and spending, so as to ensure a proportionated and healthy development of the national economy.

As a member of the first generation of central leadership with Mao Zedong as the core, Chen performed immortal feats for China's victory in the New Democratic Revolution, for the founding of New China and for the country's socialist construction, the obituary says.

During the "Cultural Revolution" (1966-1976), Chen, who only retained his membership in the CPC Central Committee, waged resolute struggles against the counter-revolutionary cliques led by Lin Biao and Jiang Qing. Between 1973 and 1974, after being entrusted by Premier Zhou Enlai to study foreign trade issues, he proposed to study contemporary capitalism, saying that China should have a due share in world markets and that foreign funds should be utilized.

After the downfall of the "Gang of Four", Chen put forward the suggestion for Deng Xiaoping's return to the leadership of the CPC Central Committee, and proposed to rehabilitate those who had been wronged.

At the Third Plenary Session of the 11th CPC Central Committee in late 1978, Chen was reelected member of the Political Bureau and member of the Standing Committee of the Political Bureau of the CPC Central Committee, vice-chairman of the CPC Central Committee, and concurrently first secretary of the CPC Central Commission for Discipline Inspection. As a member of the second generation central leadership led by Deng Xiaoping, and one of the major decision-makers of the Party and the State, he made important contributions to the formulation and implementation of the Party's basic line of taking economic construction as the central task, adhering to the four basic principles and persisting in the reform and opening-up, to the correct solution of many problems either left over from history or emerged after the founding of New China, and also to the success in opening up a new era of developing socialism in China, the obituary says.

Chen supported Deng Xiaoping's idea of scientifically establishing Mao Zedong's historical status, and of adhering to and developing Mao Zedong thought. He stressed time and again that Mao's merits were of primary importance and that his mistakes were secondary. On the issue of socialist construction, he put forward the suggestion of readjusting the national economy in line with the principle of proportional development, and to thoroughly getting rid of the influences of the "leftist errors" committed during a long period in the past in economic work. He highly praised the achievements and unprecedented fine role of China's economic restructuring. He stressed that it was good to do things in line with economic laws, but at the same time pointed out the necessity of state guidance. He also showed great concern about agricultural issues, especially that of grain production. He consistently suggested that the Central Government should pool necessary financial resources.

With regard to Communist Party building in the new historical period, Chen stressed the selection and cultivation of young and middle-aged cadres who have both capability and political integrity. He advocated that leading officials should conduct more investigations by themselves and make close friends with those who are brave in speaking the truth. He also held that the working style of the ruling party is a vital matter of life or death, pointing out that in the course of China's reform and opening-up drive, party principles and disciplines must not be relaxed.

After quitting the leading post of the CPC Central Committee at the CPC's 13th National Congress in 1987, Chen became chairman of the CPC Central Advisory Commission. The obituary said that Chen played an important role in major decisions made for a smooth transition from the second-generation leadership with Deng Xiaoping as the core to the third-generation leadership with Jiang Zemin as the core, and in decisions to maintain the stability of the Party and State.

Since his retirement in 1992, Chen had continued to concern himself with China's reforms, opening-up and socialist modernization drive. He stressed that since China's current economic construction is much larger in scale and more complicated than ever, some of the methods used in the past have become outdated and ineffective. It is, therefore, essential to learn the new things, and to explore and tackle new problems.

Chen also expressed his hope that the whole Party and nation would maintain and enhance the authority of central leadership with Jiang Zemin as the core. Without the authority of central leadership, no great things could be done and social stability be kept, Chen said.

The obituary said that in his revolutionary career of more than 70 years, Chen set an example of remaining faithful to the lofty ideal and great cause of communism, and absolute devotion to the Party and people.

Chen persisted in and was good at integrating the basic principles of Marxism with China's practice and led in a creative way the revolutionary struggles, economic construction and Party building, displaying the foresight and sagacity and outstanding leading talents of a proletarian revolutionary, says the obituary, adding that his ideas and viewpoints were expressed in the three volumes of his selected works.

Chen always stuck to the Party's principles and disciplines, maintained unity and was good at listening to different opinions. He also valued talented people and respected knowledge, says the obituary. "He had high prestige among people both at home and abroad, and was respected and loved by the whole Party, the whole army and the whole nation," it says.

The obituary says that Chen's death is a great loss to the Party and the nation. It calls on the people to learn from his lofty revolutionary spirit and fine qualities, rally around the Communist Party Central Committee with Jiang Zemin as the core, persist in Deng's theory of building socialism with Chinese characteristics and work hard to invigorate the Chinese nation and to build a socialist modernized China.

Additional Reportage on Chen Yun Death

TA KUNG PAO Runs Editorial

HK1104040095 Hong Kong TA KUNG PAO in Chinese
11 Apr 95 p 1

[Editorial: "Chen Yun's Great Achievements Will Live Forever in the World"]

[FBIS Translated Text] Chen Yun, a Chinese leader of the older generation, died yesterday in Beijing at the age of 90. The official announcement of his death and the official obituary will be jointly issued by the supreme leading bodies of China. Chen Yun's great achievements and contributions in his lifetime have long taken root in the hearts of the people and will be remembered by the Chinese people forever.

In his youth, Chen Yun worked as an apprentice in Shanghai's Commercial Press and joined the revolution when he was very young. He took part in the workers' armed uprising in Shanghai and also took part in the Long March of the Red Army. He was engaged in the underground work of the party and also commanded the troops in military actions. Over a long period, he was in charge of the financial and economic work. During the "Cultural Revolution," he lost his leading position. In December 1989, at the Third Plenary Session of the 11th CPC Central Committee, he was elected to be a member of the CPC Central Political Bureau's Standing Committee, vice chairman of the Central Committee, and first secretary of the Central Discipline Inspection Commission. After that, he participated in the formulation and the implementation organization of the party's line, principles, and policies in the new period, promoted

reform and opening, thus bringing benefit to the hundreds of millions of people and bringing our country into the best period of prolonged stability and vigorous development. Chen Yun was an outstanding proletarian revolutionary, statesman, theorist, an outstanding leader who set a good example with his own behavior. His death is a great loss to the Chinese people.

In his long career doing financial and economic work, Chen Yun persistently adhered to the principle of seeking truth from facts and left behind valuable work experiences and brilliant opinions. The characteristics of his thinking about the economic work were summarized into four words, namely, "realism [shi 1395], stability [wen 4489], flexibility [3172], and carefulness [xi 4798]." The word "realism" means that truth should be sought from facts, and work should be done according to the national conditions of China and according to the objective laws governing the economy. The word "stability" means that in economic construction, advances should be made on the basis of guaranteeing the comprehensive balance; the people's livelihood should be steadily improved on the basis of production development; policies should be kept relatively stable; and solid results should be achieved in the work. The word "flexibility" means that the initiative of all parties should be fully aroused, and the economy should be enlivened with various channels being opened. The word "carefulness" means that there must be circumspection and foresight in guiding and coordinating macroeconomic and microeconomic affairs. Chen Yun's opinions and ideas in the making of the economic policies played a great role in eliminating the influence of the "Cultural Revolution" and terminating the mistakes of "leftism" in economic work.

In the early years after the liberation of the whole country, being entrusted by the CPC central leadership, Chen Yun formulated the guidelines for economic and financial work on the basis of investigations and studies and successfully overcame the serious inflation left behind by the Kuomintang regime. Chen Yun pointed out: People engaged in economic and financial work should direct their eyes on economic development; while paying attention to reducing expenditure, they should pay more attention to increasing revenue. At the same time, they should be good at using various means to maintain a financial and price condition and to guarantee the supply of grain and other major materials.

Chen Yun always attached importance to agriculture and grain production. At the CPC National Conference of Party Delegates in September 1985, Chen Yun pointed out in his speech: "Now, some peasants have no interest in growing grain crops. Attention should be paid to this issue." He said: "It is necessary to develop township and town enterprises. The problem is that the idea about 'there being no richness without industry' is being voiced much louder than the idea about 'there being no stability without farming.'" The issue of supplying sufficient food and clothing to over 1 billion people is a major economic

issue and also a major political issue in our country. Nobody can neglect the fact that 'there will be unrest if there is not sufficient food.'" The plain words contained profound wisdom. Now, 10 years have passed and his words still sound so pertinent and heart-touching.

All through his lifetime, Chen Yun was strict with himself and also set strict demands on his children and relatives. He stressed many times that "the issue of the ruling party's work style has a bearing on the party's life or death." He pointed out: "Only by first forming the general practice of clearly distinguishing right from wrong inside the party can there be a solid foundation for the party's unity and combat effectiveness; and only thus will it be possible to effect a turn for the better in the public conduct of our people." When talking about the rectification of the party style, he said: "First, party organizations at all levels should attach importance to this matter. Second, leading cadres at all levels, especially high-ranking cadres, must attach importance to this matter, and set a good example with their own behavior.

Third, all veteran party members and old cadres, including those who have stepped back to the secondary line and have retired, should attach importance to this matter. All of them should set an example with their own behavior, be concerned about the party style and the enforcement of party discipline, and play a supervisory role. In this regard, nobody should retire or step back to the secondary line. As long as one is a party member, one will always fight in the forefront in his lifetime." Chen Yun himself actually acted in this way and firmly fought in the forefront with his exemplary behavior throughout his lifetime.

In his later years, Chen Yun liked to write the following verse: "On the 10,000 li of hilly path with beautiful flowers on both sides, the voice of the younger phoenix sounds nicer than that of the older one." He attached great importance to promoting and training young and middle-aged cadres and proposed that an echelon structure should be kept in the contingent of cadres so that the cause of the party can be carried forward by reliable successors from generation to generation. When Chen Yun left, he was glad to see that a third-generation leading body had been formed in China, and the political situation was kept stable. The line, principles, and policies laid down by the party after the Third Plenary Session of the 11th CPC Central Committee will remain unchanged and the cause of reform and opening initiated by Deng Xiaoping will be carried on firmly for a long time to come. In the 90 years of Chen Yun's lifetime, China experienced earth-shaking changes, and is now moving into the new period of national regeneration. The cause Chen Yun worked for throughout his life will be carried forward by successors.

The brilliant image of Chen Yun will always live in the minds of the Chinese people.

TA KUNG PAO Runs Biography

HK1104083495 Hong Kong TA KUNG PAO in Chinese
11 Apr 95 p 1

[Compiled by TA KUNG PAO's Reference Room:
"Chen Yun's Brief Biography"]

[FBIS Translated Text] Chen Yun, originally named Liao Chenyun, is a native of Qingpu county, Jiangsu province (the county is now part of Shanghai). He was born to an impoverished peasant family. Graduated from primary school in 1919, Chen Yun worked as a typesetter and shop assistant at the Commercial Press in Shanghai. During that period, he kept on studying very hard on his own. He played a part in the May 30th Movement in 1925 and joined the CPC in the same year. After that, he became an activist in the workers' movement in Shanghai. For a while he served as chairman of the trade union organization of the distribution section of the Commercial Press, and was one of the worker leaders organizing the great strikes at the Commercial Press.

Chen Yun played an active part in the armed uprising of Shanghai's workers in 1927. After the failure of the First Revolutionary Civil War, Chen Yun returned to his home town to act as a leader in the local peasant movement. He successively held the following posts: secretary of the Qingpu County CPC Committee, head of the organizational department of the Songpu Special Committee, member of the Jiangsu provincial party committee and concurrently secretary of the peasant affairs committee of the provincial party committee.

Chen Yun returned to Shanghai in 1929. He then plunged into the labor movement, holding the post of secretary of the Zhabei and Fanan district party committee. He was elected alternate member of the CPC Central Committee during the Third Plenary Session of the Sixth CPC Central Committee in 1930. In 1931, he was elected member of the CPC Central Committee during the Fourth Plenary Session of the Sixth CPC Central Committee, and he had kept this post ever since. In September of the same year, he was appointed a leading member of the interim central leadership. In 1932, he was appointed secretary of the party group of the All-China Federation of Trade Unions. He entered the central revolutionary base in 1933. During the Fifth Plenary Session of the Sixth CPC Central Committee in 1934, he was elected member of the Political Bureau of the CPC Central Committee, and concurrently appointed head of the department of operations in the Kuomintang-controlled areas.

After the central Red Army started the Long March, Chen Yun was appointed representative of the party central authorities to the Fifth Army Group of the Red Army. During the Zunyi Meeting in 1935, Chen Yun supported Mao Zedong's correct strategy. After the meeting, he was sent to Shanghai to undertake clandestine work for the party. He went to Moscow later the same year, as a member of the CPC delegation to the Comintern.

Chen Yun returned to China from the Soviet Union in 1937, and then he took up the post as director of the organizational department of the CPC Central Committee, in charge of party building and party cadre affairs. In 1944, he was appointed deputy director of the Northwest Financial and Economic Office, in charge of the financial and economic work of the Shaanxi-Gansu-Ningxia Border Region. In this post he did an outstanding job in implementing the policy of developing the economy and ensuring supply. He was appointed alternate member of the Secretariat of the CPC Central Committee in August 1945. Then, in November, after the victory of the War Against the Japanese Aggressors, he was appointed secretary of the Northern Manchuria Bureau of the CPC Central Committee. In June 1946, he was appointed deputy secretary of the Northeast Bureau and concurrently deputy political commissar of the Northeast Military Region. In late 1946, he was appointed secretary of the Southern Manchuria Bureau and concurrently political commissar of the Liaodong Military Region. He strongly pushed for the retention of the Southern Manchuria base. With the support of the Northern Manchuria army units which "hit out three times to the south of the river," Chen Yun and Xiao Jingguang commanded their troops in the "four operations in defense of Linjiang" and repulsed the consecutive offensives launched by Kuomintang troops. Chen Yun was sent back to work with the Northeast Bureau of the CPC Central Committee in January 1948, and undertook concurrently the posts of deputy political commissar of the Northeast Military Region and chairman of the financial and economic committee of the Northeast. After the Liaoxi-Shenyang Campaign, Chen Yun, as chairman of the Shenyang Special City Military Control Committee, commanded more than 4,000 cadres in an operation to take over Shenyang and the neighboring industrial cities. As one of the party leaders in charge of the Northeast, Chen Yun played an important role in liberating the Northeast and restoring the local economy.

During the Sixth National Laborers' Congress held in Harbin in August 1948, Chen Yun was elected chairman of the All-China Federation of Trade Unions.

After the founding of the PRC in 1949, Chen Yun held the following posts: member of the First Chinese People's Political Consultative Conference [CPPCC] National Committee, member of the Central People's Government, vice premier of the Government Administration Council, and concurrently minister of the Finance and Economic Commission, being in charge of the financial and economic work. In June 1950, he was appointed a member of the Secretariat of the CPC Central Committee and concurrently head of the party central committee's Organizational Department. In the initial period after the founding of the PRC, he put forth a series of correct guidelines and methods in light of China's national conditions, and did an outstanding job in exercising unified management of financial and economic affairs across the country, promptly stabilizing

commodity prices, curbing runaway inflation, practicing centralized purchasing and marketing of grain and other major agricultural products, and carrying out in a planned way the socialist transformation of the private ownership system for production means and, in particular, of the private industrial and commercial sectors.

In 1954, Chen Yun took up the posts as vice premier and concurrently that of minister of commerce and director of the state capital construction committee. He was elected vice chairman of the central committee at the First Plenary Session of the Eighth CPC Central Committee in 1956. Having summed up the successful experience in economic construction, Chen Yun pointed out the erroneous tendency of being overanxious for quick results in disregard of actual conditions, which existed at that time, and put forward many important views and practical measures one after another between late 1956 and early 1957, advocating that planned targets must correspond to reality, construction scale must be suited to the national strength, consideration must be given to both the people's livelihood and the state's construction, and balance must be maintained in material supply, financial arrangement, and credit extension while formulating plans. These have played a major role in healthy national economic development. Later, in the course of correcting the mistakes committed by the campaign of the "big leap forward" in 1958, he did a lot of work and further developed the above views. When Chen Yun headed the Financial and Economic Group of the CPC Central Committee in 1962, he incisively analyzed the serious predicament in the then financial and economic situation and proposed methods for its solution. He suggested that three to five years be taken to readjust and restore the national economy so as to overcome difficulties, restore the vitality of agriculture and industry, and strive for a thorough improvement in the financial and economic situation. These ideas exercised a significant role in the fruitful economic readjustments in the early 1960's. In a bid to surmount the difficulty encountered in agricultural development, he proposed the practice of fixing farm output quotas for each peasant household. But, this proposal together with other practical economic propositions were not accepted as they were regarded as a "right" deviation.

During the Great Cultural Revolution, Chen Yun was relieved of all leading posts in the CPC Central Committee except for the capacity of a central committee member. In 1975, he was elected vice chairman of the standing committee of the National People's Congress.

At the Third Plenary Session of the 11th CPC Central Committee in 1978, Chen Yun was elected CPC's vice chairman, member of the Standing Committee of the Political Bureau, and the first secretary of the Central Commission for Discipline Inspection. At the First Plenary Session of the 12th CPC Central Committee held in September 1982, he was reelected as a member of the Standing Committee of the Political Bureau and first secretary of the Central Commission for Discipline

Inspection. In November 1987, he was elected chairman of the Central Advisory Commission. Since the Third Plenary Session of the 11th CPC Central Committee, he had participated in formulating and organizing the implementation of the party's line, principles, and policies for the new period, and also advanced some important theories advocating that the style of a ruling party is an issue concerning the life and death of the party, the cultivation of large numbers of young and middle-aged cadres with ability and political integrity is the party's pressing matter of the moment. His principal articles enunciating these theories have been compiled into the *Selected Works of Chen Yun*.

Chen Yun was an amiable, unassuming man, easy to approach, with a straightforward, quick, natural, and unrestrained character. If someone had any shortcomings or made a mistake, he would point it out sincerely until the person was enlightened and completely convinced. His humorous and lively remarks had a strong appeal to the audience, so that there was no vacant seat whenever he delivered a report in Yanan. He would explain various issues in the simplest language giving many interesting examples, so that a very profound truth would become plain and easy to understand after his explanations. During lectures, the audience would often burst into laughter. He once said: "I never make impassioned speeches or raise my arm to shout slogans. Instead, I only want to have a causal talk with you." However, his "causal talks" were full of experience in life, filled with brilliant ideas and wisdom, and imbued with the strongest convincing power.

Death To Spark 'Personnel Strife'

HK1104075795 Hong Kong LIEN HO PAO in Chinese
11 Apr 95 p 1

["Special article" by reporter Lai Chin-hung (6351 6930 1347): "Chen Yun Death To Lead to High-Level Strife; Yang Shangkun To Become No. 1 CPC Elder in Post-Deng Era"]

[FBIS Translated Text] CPC elder Chen Yun died yesterday at the age of 90. For a long time Chen has been seen as a conservative in the CPC, so quite a lot of people believe that Chen's death will contribute to prolonging Deng Xiaoping's policy of reform and opening up to the outside world and possibly lead to CPC high-level personnel strife. The change in the political ecology of the "eight CPC elders" will make it possible for Yang Shangkun to become the most authoritative CPC elder in the post-Deng era.

Chen, who has been confined to his sickbed for a long time and ranked second after Deng among the "eight CPC elders," was considered likely to succeed Deng as number one elder when Deng was reportedly critically ill early this year. However, Chen unexpectedly turned out to be in poorer shape than Deng and went to see Marx earlier, thus ending the longevity contest between the two. Since Chen has been long regarded by the outside

world as the "godfather" of conservative forces in the CPC and he has built up his power base in the financial and economic departments through many years of effort, some people maintain that Chen's death will certainly lead to a high-level strife over power and a change in economic policy. While some high-ranking figures supported by Chen will fall into disgrace, the order of the eight CPC elders' names and their political influence will also undergo changes.

Among the eight CPC elders Deng Xiaoping, Chen Yun, Peng Zhen, Yang Shangkun, Wan Li, Song Ping, Bo Yibo, and Song Renqiong, which is a namelist in order of importance, Peng Zhen only comes after Deng and Chen in terms of influence. But he is already 91 and is not in good condition, so he is not suitable to act as the general convener of the "remaining octogenarians busy taking care of their health." Yang Shangkun, former PRC president, however, is still in good health and enjoys authority and support in the military and the administrative system. Though he has retired, he remains an influential figure in the CPC.

Song Ping, Bo Yibo, and Song Renqiong are no match for him in terms of seniority, prestige, and the weight their speeches carry. The CPC hierarchy also attached greater importance to Yang than to other octogenarians. Yang Baibing was deprived of his military leadership and the Yangs suffered a setback at the 14th CPC National Congress but Yang Shangkun has remained very active since he quit the post of president. Yang has been to various major cities and key economic regions on inspection tours and has made many suggestions as to current economic work. In February this year, he said in Guangdong that it was entirely due to Chen Yun's nomination that Jiang Zemin was able to succeed Zhao Ziyang as general secretary.

At a time when Deng Xiaoping is critically ill and other elders have fallen ill or are remaining idle, Yang is very likely to become general convener of the "remaining octogenarians busy taking care of their health" and will exert a key impact on the CPC's political ecology in leading the third generation of central leadership, with Jiang Zemin at the core, to achieve a "steady transition" in the post-Deng era.

Deng Xiaoping Discusses Health, Theory

HK1104013695 Hong Kong CHENG MING in Chinese
No 210, 1 Apr 95 pp 14-15

[Article by staff reporter Li Tzu-ching (7812 5261 0079):
"Deng Xiaoping Personally Gives Account of His
Recent Health"]

[FBIS Translated Text] Reports about Deng Xiaoping's daily life and health, and rumors about his death have been cropping up one after another. The latest wave of rumors has subsided now, but has Deng really recovered completely? Is there a turn for the better in his health?

At Zhongnanhai in early March—entrusted by the CPC Central Committee, the State Council, and the Central Military Commission—Wan Li and Bo Yibo briefed retired CPC-member central cadres on work within the party. On that occasion, they talked of Deng Xiaoping's health, and discussed his recent speech.

Wan Li said: The results of medical exams conducted by doctors from the Central Health Care Bureau indicate that Comrade Xiaoping's recent health still can be regarded as normal. The aging and degeneration process has been slowed down, and his immunity has improved [shuai lao tui hua qing kuang yi ji shen ti de mian yi li dou you hao zhuan 5905 5071 5770 0553 1906 0400 0110 0644 6500 7555 4104 0346 4004 0500 6757 2589 1170 6567]. The doctors said his condition is normal, but there could be a relapse at any time [sui shi hai hui you fan fu 7151 2514 6703 2585 2589 0646 6010]. Once there is a relapse, the laws of nature will prevail, and life will come to an end [yi you fan fu jiu hui chu xian ren sheng zou dao jin tou de zi ran gui lu 0001 2589 0646 6010 1432 2585 0427 3807 0086 3932 6382 0451 4147 7333 4104 5261 3544 6016 1774]. For the moment, the medical treatment program is a combination of traditional Chinese and Western medicine. Comrade Xiaoping is very optimistic. He always says: For my part, of course, I hope I can live longer so as to see more changes in this country, but this is destiny; everyone is doomed to get closer and closer to the very end. The central authorities have made complete arrangements to prepare for Comrade Xiaoping's parting.

An Inner-Party Regular Meeting Held in Deng's Residence

Wan Li and Bo Yibo disclosed that at Deng's suggestion, a regular inner-party meeting was held at his residence in late February. During this meeting, Deng Xiaoping spoke disjunctedly:

I have raised this issue to the party Central Committee several times. I will repeat this to comrades both within and without the party, including our friends. I will tell them to stop telling others that Deng Xiaoping is in excellent condition. The doctors have not allowed me to swim for two years now, as they are afraid that I may fall down if I am allowed to walk too far. They all have advised me to go for a walk with the help of a wheelchair. I am very old indeed, my physical condition has degenerated, and my brain is not so efficient now [wo ren di que hen lao le shen ti shuai tui le nao jin ye bu zen me xing le 2053 0086 4104 4292 1771 5071 0055 6500 7555 5905 6622 0055 5207 4585 0048 0008 1827 8010 5887 0055]. This is something governed by the laws of nature, and is independent of man's will. Perhaps I will join my deceased comrades-in-arms while napping one day. This is no fantasy. It is not good to keep everything secret, and I don't like it. From now on, if the situation permits and conditions are ripe, we should release information about the health of our first-line central leaders. This practice will be beneficial to the operation of the central authorities.

Before and during the latest festive season, I raised this issue with Comrade Jiang Zemin, and with comrades in the Political Bureau and on the Central Military Commission, and with some other old comrades. I told them: I have some misgivings. My speeches, views, and theories, and my experience summed up from practice should not be appraised excessively highly, and they should never be regarded as superior to Marxism. I have always believed that even Marxist theory itself needs to be developed and revised. Every truth or correct theory must pass the test of practice, and be verified again and again, otherwise one who holds to it will commit mistakes because of dogmatism. It is true that some people within the party do not agree with my views and theory, and they call my theory a mixture of capitalism and socialism.

"Do Not Give Me Undeserved Praise After My Death"

I have asked repeatedly that when I die, the central authorities make my funeral simple, not give me undeserved praise, not attach excessive weight to me when passing a final judgment on me, make sure that the appraisal of me can be justified by history, and in particular, not erect any monument, statue, hall, or mausoleum in memory of Deng Xiaoping. I have always opposed such practices. We must be realistic and pragmatic, as many tasks are waiting to be done.

Jiang Zemin Talked About Deng's Recent Health During the Two Sessions

Jiang Zemin met on 10 and 11 March with the vice chairmen of the National People's Congress Standing Committee, the vice chairmen of the Chinese People's Political Consultative Conference, and the party and government officials-in-charge from all provinces (autonomous regions) and cities. On that occasion, he talked about Deng Xiaoping's recent health and his above-mentioned speech.

Jiang Zemin said: The medical team of the Central Health Care Bureau is watching Comrade Xiaoping's changing health condition closely, and with an extremely responsible attitude. Generally speaking, his health is relatively stable for the time being. The aging and degeneration process has been eased, as compared with the case earlier this year [bi nian chu 3024 1628 0443]. The medical treatment program combining traditional Chinese and Western medicine has proven effective. According to medical experts' diagnoses and opinions, as Comrade Xiaoping is now at an advanced age, his immunity is diminishing. Any disease he contracts may bring about a change in his condition. Today's medical science still is not capable enough in this regard. Comrade Xiaoping is very clearly aware of this. He realizes that this is a normal phenomenon determined by the laws of nature.

Jiang Zemin also told the officials: During the regular inner-party meeting held at his residence last month, Comrade Xiaoping talked in particular about the issue of

anticorruption operations among high- and intermediate-ranking cadres. Comrade Xiaoping said: Corruption is indeed running rampant within the party and government, and is spreading to all fields. Fortunately, the central authorities, being aware of the seriousness of the issue, have maintained high vigilance against corruption. The authorities have adopted measures and stepped up legislation to fight corruption and to resolve the problem. The struggle against corruption and passivism is a revolution of one's own self, a battle to defend the socialist system and uphold the proletariat's dictatorship. Above all, it is a struggle to determine the CPC's future, whether it will grow strong after consolidation, or will vanish after being overthrown.

Jiang Said Trying To Promote 'Loyal' Officials

HK1104061495 Hong Kong SOUTH CHINA MORNING POST in English 11 Apr 95 pp 1, 10

[By Beijing bureau chief Jasper Becker]

[FBIS Transcribed Text] The announcement that the executive vice-mayor of Beijing, Wang Baosen, committed suicide while under investigation for corruption, has provoked widespread speculation.

Some analysts believe Chinese party leader Jiang Zemin is attempting to replace the Beijing leadership with officials loyal to him, following Wang's death.

The unusual nature of the event was underlined by the absence of any reports of Wang's suicide in China's domestic media. Last Sunday's report by XINHUA (the New China News Agency) only appeared in the English service.

Municipal authorities refused to provide further details yesterday.

A spokesman did not confirm one media report that the secretaries of Beijing Communist Party chief Chen Xitong, Mayor Li Qiyang, and Vice-Mayor Zhang Baifa have been detained as a part of an investigation into economic crimes.

The report said the central government had also called for an inquiry into the activities of the sons of Mr Li and Mr Chen.

Western diplomats said that a central government investigation must have uncovered evidence of large-scale corruption in the Beijing Government.

"The evidence must have been incontrovertible for Wang Baosen to have committed suicide, and it is clear that others were involved," one diplomat said. "It is also evident that they don't really know how to deal with a case like this."

The probes into the dealings of Wang Baosen are thought to be real estate related.

As chairman of the municipality's planning commission, he would have been responsible for all decisions on the huge projects that have transformed the capital over the past five years.

These developments and the opportunity for gouging foreign investors are thought to lie at the heart of the corruption investigations. Chinese sources claim Mr Jiang is using the probe to strengthen his grip on the capital and consolidate his succession. "Jiang wants to put his own man in Beijing and is using the corruption probe to get rid of Chen Xitong," one source said.

Mr Jiang's predecessors, former party leaders, Zhao Ziyang and Hu Yaobang, did not attempt to replace the Beijing leadership when at the peak of their careers.

In another possible link it was reported that Beijing leaders have complained to the central government about the "Shanghai Faction" in the past.

One story circulating among diplomats claims that last year Mr Chen had written a letter to patriarch Deng Xiaoping complaining about faction building by Mr Jiang.

In response, Mr Jiang is now determined to replace Mr Chen with one of his allies from Shanghai and is first targeting the men around the well-entrenched leader of Beijing.

In support of this, some analysts believe Mr Jiang has been shoring up his position in Beijing for some time.

He has promoted Ba Zhongtan, the head of the Shanghai Military Garrison in 1989, to chief of the People's Armed Police, a Beijing-based job. This paramilitary force would control security in the capital in the event of an uprising.

Other rumours circulating in Beijing claim that the secretary of at least one top Beijing official has been sentenced to death on corruption charges. Among those reported to have been arrested are Chen Jian, former secretary to Mr Chen and Li Min, a former aide to Mr Li and assistant to Mr Zhang.

Apart from stamping his authority on Beijing, Mr Jiang may also wish to boost his popularity in the capital by removing those most closely associated with the 1989 massacre.

No members of the public questioned in Beijing expressed any regrets about Wang's death. "It is good. All those guys are so corrupt," said a taxi driver.

Jiang Chunyun's Election to Vice Premier Viewed
HK1104061295 Hong Kong LIEN HO PAO in Chinese
8 Apr 95 p 10

[By staff reporter from Beijing: "A Review of Jiang Chunyun's Election by an Exceedingly Small Majority Has Been Submitted to Political Bureau"]

[FBIS Translated Text] At this year's NPC session, Jiang Chunyun was elected vice premier of the State Council by an exceedingly small majority. The matter shocked the CPC Central Committee and still remains disturbing even today. According to informed sources, the State Council General Office and the NPC Secretariat have already reviewed the matter and submitted it to the Political Bureau of the CPC Central Committee. The CPC leadership is worried that the central authorities will be in danger of losing prestige if NPC personnel proposals in the coming years are treated the same way. The review already predicts that next year's NPC session will be a "trying moment [gui men guan 7607 7024 7070]."

It is said that Jiang Chunyun met the opposition of so many NPC deputies because of the following reasons: First, Jiang Chunyun's wife was involved in a corruption case which occurred in Shandong's Taian city last year. Second, Jiang Chunyun is old and does not meet the standard for cross-century successors. Third, Jiang Chunyun does not have the educational qualifications although it was formerly claimed that he was enrolled in a correspondence university course for three years. In that type of university, one pays money to get qualifications. Moreover, the university he was enrolled in has closed. Fourth, Jiang Chunyun gave false reports of Shandong's grain production and the national economy.

It is said it was not until the NPC session had begun that the NPC Secretariat completed a report about Jiang Chunyun's "background," which would have made him unfit for the post of vice premier of the State Council, and submitted it to the Political Bureau. At the beginning, the CPC Central Committee wanted to appoint Jiang Chunyun because it valued his "work achievements" in Shandong and wanted to transfer him to the State Council to specifically take charge of agriculture. Moreover, Jiang Chunyun had asked for the support of CPC Elders Wang Li, Peng Zhen, and others in Beijing. The elders had good impressions of him and so agreed to his appointment.

The informed sources said since the electronic voting system was used at the NPC session, many NPC found it "embarrassing" not to press the "yes" button on election day. If the secret ballot system had been used, Jiang Chunyun would surely not have gotten half the votes. Moreover, deputies from Gansu, Shanxi, and other inland provinces did not know Jiang Chunyun. They voted for him just because the Central Committee had nominated him. Therefore, overseas views have focussed on the reason Jiang Chunyun was elected vice premier by a small majority. In fact, CPC leaders have long known the results. It was good that he got elected as it could maintain the prestige of the Central Committee. Regarding Jiang Chunyun's election by a small majority, the CPC strictly keeps it from being known on the mainland. Ordinary people in Beijing are aware of that.

The informed sources said: The most nagging problem for the CPC today is that the localities are short of

outstanding cadres whom they can promote to the central authorities and that they find it difficult to train cross-century successors. It was not easy for Jiang Chunyun to be chosen for the vice premiership in charge of agriculture, yet some localities refused to accept him. The personnel proposal was barely adopted at this year's NPC session, but one wonders whether next year's personnel proposal can pass the "trying moment" at the NPC session.

State Security Official Arrested for Corruption

HK1104075295 Hong Kong HONGKONG STANDARD in English 11 Apr 95 p 6

[By Emily Ginsberg and Annie Chen]

[FBIS Transcribed Excerpt] A senior state security official and ex-secretary of Beijing's mayor Li Qiyang was recently arrested for his alleged involvement in a billion-yuan financial scandal. The case, involving the deputy director of Beijing's State Security Bureau for alleged corruption and the illegal collection of more than 3 billion yuan (HK\$2.75 billion), is now under investigation.

The unidentified state security official served as personal secretary to the incumbent Beijing mayor before he was seconded to the intelligence apparatus in the Chinese capital, Chinese sources said. The official was involved in unauthorized fundraising activities to collect about 3.3 billion yuan for a company, Beijing sources said yesterday.

The arrest of the official, who is believed to have close connections with senior leaders in the central party and government echelons, as well as with the mayor, indicated the leadership's determination to root out rampant corruption among its ranks. The official would be severely punished if proved guilty, in view of the large amount of money involved, analysts said.

Last year a company head who illegally raised one billion yuan was sentenced to death, while a senior official, Li Xiaoshi, former vice-minister of the State Science and Technology Commission was jailed for 20 years for taking about 40,000 yuan in bribes.

Beijing sources said the state security official is also accused of taking bribes for fundraising.

Last Tuesday, Wang Baosen, 60, the deputy mayor of Beijing, committed suicide after becoming the subject of an inquiry into financial impropriety.

A number of senior Beijing officials have been detained for the investigation of economic crimes recently. [passage omitted]

Dissident Yang Zhou's Appeal Heard by Court

Wife Says Appeal Rejected

HK1004120095 Hong Kong AFP in English 1123 GMT 10 Apr 95

[FBIS Transcribed Text] Shanghai, April 10 (AFP)—A Shanghai district court has rejected dissident Yang

Zhou's appeal against his sentence of three years in a labour re-education camp in neighbouring Jiangsu province, his wife said Monday [10 April].

"I was called to the neighbourhood police beat [as received] today and they told me the court has upheld the decision of the Labour Re-education Committee," Li Guoping said.

Li said she was not told the reasons for the rejection of Yang's appeal or shown the court's written decision.

Yang, 51, the spokesman of the Shanghai-based Chinese Human Rights Association, was arrested in May last year and charged with publishing reactionary materials and inciting public disorder.

He had to make an unrepresented appeal against his sentence February 27 because court officials gave his wife too little time to hire him a lawyer.

Wife Expects Further Appeal

HK1004123295 Hong Kong AFP in English 1158 GMT 10 Apr 95

[FBIS Transcribed Text] Shanghai, April 10 (AFP)—A Shanghai district court has rejected an appeal by leading Chinese dissident Yang Zhou against a three-year term in a labour re-education camp, his wife said Monday [10 April].

"I was called to the neighbourhood police beat [as received] today and they told me the court has upheld the decision of the labour re-education committee," Li Guoping said.

Li said she was not told the reasons for the rejection of Yang's appeal or shown the court's written decision.

Yang, 51, the spokesman of the Shanghai-based Chinese Human Rights Association, was arrested on May 12 last year and charged with publishing reactionary materials and inciting public disorder.

He was sentenced to three years in a labour camp in October under Chinese laws which allow police to impose terms of six months to three years without trial.

Yang appealed against his sentence February 27 but did not have legal representation because court officials gave his wife too little time to hire a lawyer for him.

Li, who met Yang in Dafeng last week for the first time since his arrest, said her husband had told her that if the district court upheld the sentence, he would file an appeal at the Shanghai Intermediate People's Court.

"I have not been able to get in touch with him about this matter but I think will [as received] want to continue to appeal against the decision," she said, adding that the couple had hoped that the court would rule to re-hear the appeal.

Yang has already served a three-year prison term from 1979 to 1981 for participating in the Democracy Wall

movement, and was one of nine signatories of the Peace Charter in November 1993 that demanded political reforms in China.

Court To Try Christian Activist for 'Swindling'

HK1004050895 Hong Kong SOUTH CHINA
MORNING POST in English 10 Apr 95 p 8

[By Daniel Kwan]

[FBIS Transcribed Text] Christian activist Xiao Biguang will stand trial this morning at the Beijing People's Intermediate Court on charges of "swindling"—almost a year after his arrest, his wife said yesterday. Xiao was taken away by officers from the Beijing Municipal State Security Bureau on April 12 last year. No reason for his detention has been given.

He has been held at a detention centre in the Fengtai area near Beijing for the past year and his wife, Guo Qinghui, has not been allowed to visit him. She said Xiao had told a lawyer to plead not guilty on his behalf at today's trial. "His indictment letter only said what he is charged with but gave no details at all of the crime he is accused of committing. The lawyer told me that this charge is so ambiguous that we don't know exactly what he is accused of," she said. Only the lawyer has been given a copy of the one-page indictment letter, which made no direct reference to the League for the Protection of the Rights for Working People, of which Xiao is a founding member.

One source claimed Xiao had been questioned more than 100 times by Beijing State Security officers and some interrogations had been conducted when he was half-conscious. Many related to Xiao's role in the league. Unlike other political activists, he has not been kept in solitary confinement. Last month, Ms Guo was told to pay the prison 700 yuan (about HK\$642) after the authorities threatened to reduce her husband's food rations.

She said authorities had rejected her request to defend her husband at the trial, claiming there was no room in the courthouse for a wife. Ms Guo said there would be only her husband, his lawyer and the judge at the trial. Xiao had chosen a former judge and a fellow Christian to defend him, but both were rejected by the authorities.

A former literature professor at the Beijing University, Xiao is a devoted Christian. He is known for his in-depth theological studies, such as the relationship between state and religion. He helped Christians in the area in human rights matters and is a close friend of other activists and league members.

Trial Adjourned

HK1104063595 Hong Kong SOUTH CHINA
MORNING POST in English 11 Apr 95 p 9

[By Daniel Kwan]

[FBIS Transcribed Excerpt] The trial of Christian activist Xiao Biguang has been adjourned, while a Shanghai court has upheld another dissident's three-year re-education-through-labour sentence.

The judge did not give a verdict after a two-hour hearing yesterday at the Beijing People's Intermediate Court, sources said. Xiao's wife Guo Qinghui was not allowed to attend and he was represented by a lawyer chosen by the court.

The 33-year-old founder member of the League for Protection of the Rights of Working People pleaded not guilty to a "swindling" charge.

Sources said the prosecution accused Xiao of creating a negative influence among students when he taught at the Yanqing Theological Seminary in Beijing.

It was also claimed that Xiao was guilty because a business card found on him introduced him as a doctorate-degree holder, although the former Beijing University teacher did not hold such a degree.

According to a close friend of Xiao, the cards were printed by his employer last year and Xiao never used them.

No witnesses appeared at the hearing yesterday and the prosecution based its case mainly on testimonies, some not available to the defence lawyer.

"The real issue is not whether Xiao created a bad influence when he taught at the seminary or whether he used these cards.

"It is about the League for Protection of the Rights of Working People and what he was doing to help other Christians to defend their rights," the source said.

The league was an unofficial labour body formed by activists in Beijing.

Meanwhile, an appeal by Shanghai dissident Yang Zhou has been rejected. No reasons were given by the authorities. [passage omitted]

'Sensitive Period' for Security in Beijing Begins

HK1104024095 Hong Kong MING PAO in Chinese 6
Apr 95 p a2

[By special correspondent Liang Kuo-jen (2733 0948 0088): "Beijing Public Security Authorities Say Nothing Extraordinary Happens on First Day of Sensitive Period"]

[FBIS Translated Text] Yesterday was the first day of a "sensitive period" in China, from 5 April to 4 June. The Beijing public security authorities told this MING PAO correspondent that law and order in Beijing remained normal, and nothing special happened.

When being interviewed by MING PAO yesterday, an official of the General Office of the Ministry of Public

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Security said that in view of the current situation in Beijing, there was no need to take any measures to tighten control over law and order, and no one HAD received any report about doing this. In addition, when being interviewed by this correspondent by phone, an official of the Beijing Municipal Public Security Bureau said that the operation of the public security organs remained normal, and that nothing unusual had happened. However, the official nervously asked the correspondent where he got the telephone number of the public security organ and inquired about the correspondent's personal background.

Yesterday, Wang Dan, the former student leader and famous pro-democracy activist, told this correspondent that he did not go out because he wondered if the public security authorities would intensify surveillance, but he did not find any sign of increase in the number of watchers outside his house when he looked out the window.

Wang Dan said that as far he knew, his friends had not encountered "special treatment" in recent days, and he and his friends did not plan to carry out any activities in the near future.

The Beijing authorities reportedly took certain initiatives toward university students in recent days. Two days ago, the magistrate of Haidian District, where the major universities are located, did "on-the-spot" work and drove away all hawkers outside the gate of the People's University, in accordance with students' complaints. The hawkers used to occupy the roads outside the school gates and often came into conflict with students. They did business until late at night, and the noise affected the students' rest.

As China continued to pursue an economic retrenchment policy last year, jobs for college graduates have been in short supply. Therefore, a job placement fair was being held at the Beijing International Exhibition Center for this year's university graduates in order to mitigate the difficulty in assigning jobs to them.

Sources in Beijing said that the authorities thought that the crisis that affected stability had shifted from a small number of "pro-democracy activists," students, and intellectuals to the ordinary residents, so they mainly guarded against workers, whose income has been affected by the poor business performance of their enterprises, and against ordinary citizens, who are discontented with price hikes and the disorderly condition of law and order. In addition, the authorities were especially worried about the spread to the capital of the grievances among people in other provinces.

After the robbery and murder of a taxi driver, some residents of Qiqihar, in Heilongjiang, reportedly took to the streets to protest worsening law-and-order conditions. In that city, seven drivers have been killed in recent years, and more than 20 female drivers have been raped. More than 170 taxi drivers, wearing black ribbons

and sounding their horns, drove their cabs to mourn the deaths of their colleagues, and to demand police protection.

Paper Marks 2d Anniversary of Wang Zhen's Death

*HK1004063295 Beijing RENMIN RIBAO in Chinese
18 Mar 95 p 10*

[Article by Chen Jin (7115 2516): "A Graceful Life That Will Never Become Solidified—Marking the Second Anniversary of Comrade Wang Zhen's Death"]

[FBIS Translated Text] "The Wang Zhen Photo Album," compiled by the Central Party Literature Research Center, XINHUA News Agency, and the Ministry of Agriculture and published by the Central Party Literature Publishing House, came to my attention on the occasion of the second anniversary of Comrade Wang Zhen's death. The calligraphy for the title of the album was written by Comrade Jiang Zemin.

The album contains 382 photos selected from a total of over 6,000. It is rich in material and the pictures taken during the war years are particularly rare. Most of these were either taken on the front line or in grass-roots units. They reflect in a natural, unadorned, and truthful way the major activities of Comrade Wang Zhen during various historical stages of his revolutionary life which spanned nearly 70 years. The first few pictures, taken separately with Mao Zedong, Deng Xiaoping, Jiang Zemin, and other third-generation members of the leadership core of the Central Committee, suggest how, as a witness of changing events, Wang Zhen advanced in solid strides along the difficult journey of revolution and modernization in China.

I could feel the weight of this album when I picked it up. When I opened it, the general's boundless grace catches my eyes.

A saying in art criticism comes to mind: "Architecture is music solidified."

A photo album of a person's life is probably also a life solidified. The difference is that a person who has a magnanimous life will never become solidified in his own photo album. His heroic demeanor and his bold spirit will never become history.

Boldness in Making Explorations

One cannot talk about Wang Zhen without thinking about the sanguinary journey of the Sixth Red Army Group, the pioneering work at Nanniwan, the return of the southern expedition detachment after penetrating 10,000 li, the work of railway prospecting in the deep mountains, the desolate deserts of Xinjiang, the camp fires of the pioneers in the Great Northern Wilderness, the rubber plantations of Hainan Island, the tropical forests of Xishuang Banna...

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These naturally became the main substance of the "Wang Zhen Photo Album."

As the pictures flipped before my eyes, the words "motion" and "distance" came into my mind.

Wang Zhen's last inspection tour took him to a distant place once again: This time to Xinjiang. In the picture, he was wearing a small, black, embroidered cap and hugging someone of the Alletai [7093 0519 3141] minority nationality. He had his eyes closed and seemed to be totally absorbed and enjoying himself. Perhaps this endless motion and these distant places had drawn too much of his feelings.

The two words were the epitome of a person's integrity and character. Motion represented one's initiative and enterprising spirit, while distance represented one's desire to explore and seek. Both were aimed at creation. Discerning eyes can tell greatness from mediocrity. As early as 1942, Mao Zedong wrote the words "having a creative spirit" in an inscription dedicated to Wang Zhen.

Two years after this, Mao Zedong ordered him and his troops to march from northern Shaanxi to south China to fight the Japanese. Marching into battle always spells danger and nothing can be trusted to luck. In the album is a picture of the general and his wife and three young children. It is a picture of a happy family but did not seem to tell us much else. How was one to know that it was a picture of someone bidding farewell to his loved ones before marching into battle. Before the troops took off, Mao Zedong said to Wang Zhen: As you and your scores of thousand troops leave the base area and embark on the 10,000 li march, you have to bear in mind that complete annihilation is not entirely impossible. You too may die. This was the background to this happy family picture.

Wang Zhen and his men created miracles. They broke through more than 100 blockades, fought over 300 big and small battles, marched for over 20,000 li, and blazed their sanguinary journey through eight provinces. It was two years later when they finally returned to Yanan. Upon his return, he was summoned by Mao Zedong before he had time to shave. In the picture, we can see the commander-in-chief looking at his favorite lieutenant and having a heart-to-heart talk with him. One of the general's aides never made it back though. He was regimental commander Chen Zongyao [7115 1350 1031]. Chen was among the cadres at and above the regimental level when a group photo was taken with Mao Zedong just before they took off, although it is difficult to tell which one he was in the picture. The general had always cherished his memory and kept saying that Chen Zongyao did just as well in production as in battle. It was precisely because the Army was formed by officers like Chen that Wang Zhen made the following remark during a radio broadcast at Yanan: "The patriotic and heroic People's Army will be ever victorious."

History reached a turning point amid the music of the Hero's Symphony. The CPC convened the Second Plenary Session of its Seventh Central Committee in March 1949 and Communists who had won the country on horseback were getting ready to enter the cities. Wang Zhen, however, decided to go to the border regions. He volunteered to lead the troops in the march into Xinjiang to liberate northwest China. We can see an altogether different world in the pictures in the album.

He said to his men: If Zuo Zongtang [1563 1350 2768] of the late Qing Dynasty could go to the snow-covered mountains and the deserts to open up and guard the frontiers, why can't we Communists do the same today?

Zuo Zongtang has never been in the good books of historians because of his role in suppressing the Taiping uprising but Wang Zhen had a special interest in him, particularly for his feats in running the Xinjiang army, recovering Urumqi and Hetian, killing the enemies, guarding the frontiers, and stopping aggression by the Russians and British. Wang Zhen had "The Collected Works of Zuo Zongtang" and "The Letters of Zuo Zongtang" in his private collection. He had discussions with historians on the reappraisal of Zuo Zongtang on many occasions. He had also referred to Zuo Zongtang from time to time in work meetings and spoken positively about his patriotism. This viewpoint of his gradually spread and, in the early 1980's, some historians began to amend their appraisal of Zuo Zongtang. A Lanzhou University lecturer sent Wang Zhen a book which he had written on Zuo Zongtang. He wrote on the front page: I had finished writing this book a long time ago but had been unable to get it published. It is thanks to your words that it has finally appeared in print. After Wang Zhen's death, his family received a letter from a Beijing University professor, saying that Wang Zhen had had three meetings with him before his death. This professor was the grandson of Zuo Zongtang. These are tidbits of news.

That Wang Zhen identified with Zuo Zongtang's feats was natural for a general. The pictures in the album showed the brilliant moments of his life. Some pictures showed the general and his men crossing the Qilian Mountains and the Kunlun Mountains. The general had written a poem about those days spent in the border areas: "The white snow shines on the Qilian, black clouds cover their summits. Autumn wind sweeps across the grassland, as the song of triumph reaches Xinjiang."

The march into Xinjiang reminded him of Zuo Zongtang but what he did there was something that no feudal general could match. Wang Zhen's titles in Xinjiang were quite interesting. At that time, the Chinese People's Liberation Army had 22 army groups. Wang Zhen was commander and political commissar of the First Army Group and concurrently political commissar of the 22d Army Group. One was the first while the other was the last. Wang Zhen had his special perception of his troops. In active response to the call of the Central Committee,

he required his men to not only guard the frontiers but also to develop the border areas. Hence, the Xinjiang troops began reclaiming the ancient desert. The album carries a picture showing fighters pulling their plows against a clear blue sky. It is a beautiful picture.

Wang Zhen's work took him to Shihezi, which only had a few households. He spread out a map on the table, circled a place with pencil and said: "We shall build a new city here for future generations." In the picture, he did not seem to be looking at the map. He was gazing into the distance, as if thinking about something. This picture was placed next to a photo of Shihezi today, with its tall buildings, straight streets, and green trees. Naturally there is much in between for us to think about.

Heading the Railways Corps was another undertaking that signified "motion." There are many pictures showing the Railways Corps carrying out prospecting, cutting through mountains, and building bridges. Over the years, moving and curved lines were cut out on the high mountains, river shallows, and wasteland of the motherland. These were beautiful curving lines: the Baocheng Railway, Lizhan Railway, Yingxia Railway.... During one of those prospecting trips, the general proudly posed with his men in front of the camera.

No sooner had he donned the general's uniform than he decided to take it off. He again volunteered to lead a hundred thousand former officers and men of the Railways Corps who had transferred to civilian work to engage in land reclamation in the Great Northern Wilderness. He defied the harsh winters and hot summers. On several occasions, he began busying himself in the remote border areas as soon as he recovered from serious illness. He spent six Spring Festivals in the cold world of Heilongjiang and Xinjiang. His emotional ties with the remote border areas could never be severed and there was an interdependence between him and the deserts. Being a pioneer was in his blood. It was his subjective choice. In one of the pictures, he is standing in a bushy spot in the vast wilderness, lighting the first spark in the campaign to open up the Great Northern Wilderness. It was this flame which gave birth to the famous spirit of land reclamation of New China, that is, "work hard and be bold in blazing new trails," which led to the birth of a large number of army-reclamation farms and local state-run farming enterprises.

In 1990, he returned to what was once the Great Northern Wilderness for the last time. Looking at the prosperous country, he recalled with deep affection the poem entitled "Waging A War Against the Earth," which Guo Moruo had dedicated to him a long time ago.

He was already 82 years old then.

However, "Elder Wang" was not old. A person who had the guts to blaze new trails, who was broad-minded, open, and enterprising, would never be tied down by his age, on whatever battleground.

After the 3d Plenary Session of the 11th CPC Central Committee, he called actively for the import of advanced technologies and managerial expertise. The album tells us that he was one of the first central leaders to lead investigation teams to look into the possibility of establishing special economic zones. In one of the pictures, he is standing on a piece of bare and barren land in Shekou, walking-stick in hand, listening to briefings by the local leader Yuan Geng [5913 1649]. That was in 1979 and he was then Vice Premier of the State Council in charge of national defense industry. In early 1984, he accompanied Deng Xiaoping on his first inspection tour of the special economic zones of south China. At the Wanshiyan Botanical Garden in the Xiamen Special Economic Zone, the two elderly leaders together planted a tree which signified hope.

Wang Zhen was one of the advocates for establishing Hainan Island as a province in order to make full use of its favorable geographical position to accelerate the opening up of south China. He knew the place really well. There was actually an experimental rubber plantation which he had personally opened up in 1959. This time he was supporting the island to embark on a "bigger experiment." When debate arose over the opening up of Yanpu Port, he revisited Hainan in 1988 and wrote an inscription: "Broad prospects for the development of Yangpu." In the album, this inscription appears in the picture he had taken with Yu Yuanping [0060 0337 1627], president of Japan's Kumagai Gumi in Hong Kong.

As president of the China-Japan Friendship Association, Wang Zhen had led delegations visiting Japan on many occasions. During these trips, he attached great importance to the absorption of foreign investment for China's special economic zones. He personally persuaded a number of leading Japanese consortiums to invest in Zhuhai. One such consortium was Canon. The honorary chairman of this company, Dai Ifuka, was a good friend of his. In the album is a picture taken when Wang Zhen called on Ifuka during one of his visits to Japan. By coincidence, the two were born in the same month and year and even on the same day. Wang Zhen said to him: "Although we come from very different backgrounds and do not share the same beliefs—I am a revolutionary, and you are a capitalist—it is entirely possible for us to become good friends."

Perhaps the significance behind all this could only be explained from the trend of economic cooperation and the atmosphere of opening up.

In 1991, he again visited the special economic zones in south China. In Xiamen, he made a special point of posing in front of the tree he planted in 1984. In was March at the time and the south China coastal region was like a garden full of blossoms.

A True Man

Wang Zhen was a native of Liuyang, Hunan Province. Liuyang in contemporary times produced a real man of courage by the name of Tan Sitong [6223 0843 0681].

Wang Zhen admired him very much. He often recited to his children and grandchildren Tan Sitong's famous line: "It takes as much courage to stay as to go."

A person who is true to himself has many friends and exudes greatness. A revolutionary who is true to himself and has great courage is naturally broad-minded, clear-cut in character, and firm in pursuit.

The album tells us that as a young man of 17, he was picket leader of the Changyue section of the Guangzhou-Wuhan Railway Trade Union in 1925. A year later, he made the acquaintance of Mao Zedong and accompanied him back to the CPC Hunan Committee at Qing-shuitang, Changsha. Since then, he has followed and served Mao Zedong all his life. In his old age, a favorite expression of his when he recounted to his children and grandchildren his relations with the first-generation leadership core of the party was "following and serving."

The early years of "following and serving" was naturally difficult to reflect clearly in the album. However, we can well imagine the stories behind the pictures of some of the old sites. During the days of the central Soviet area, Mao Zedong was rejected by the "Left"-deviationist dogmatists and was kicked upstairs to the post of chairman of the All-China Republic of Soviets. Wang Zhen, aged 25, was political commissar of the Sixth Red Army Group. As representative of the Hunan-Jiangxi base area, he attended two all-soviet congresses. The top leaders intended to assign him the honorable task of attending the World Workers' Congress in the Soviet Union. However, Wang Zhen went to see Mao Zedong, who was then "a person whom everyone turned his back on," saying: I will listen to the Chairman's advice. Mao Zedong was deeply touched as he said: "Wang Zhen is like someone from Xiangtan." He regarded Wang Zhen as "one of the family" from the bottom of his heart. Wang Zhen gave up his chance. At that time, the "Left"-deviationist military commanders advocated fighting a reckless positional warfare, while Mao Zedong told Wang Zhen that it was still necessary to follow the "16-character instruction" and fight a mobile war and war of ambush. After returning to the Hunan-Jiangxi Border Region, Xiao Ke [5618 0344] and Wang Zhen resolutely implemented the methods of warfare championed by the Red Army of Zhu De and Mao Zedong, and battled at Shashi to victory against heavy odds.

He was victimized during the early stages of the Cultural Revolution. He was made to wear a placard and a tall hat by the rebels. He smashed the placard and threw away the hat. He even asked Commander Ye's son, Ye Xuan-ning [0673 6693 1337], to draft for him a "big-character-poster on waging a counter-attack." He really had the guts to wage tit-for-tat. Someone went to see Mao Zedong and informed against him. However, when Mao Zedong saw Wang Zhen on the rostrum in Tiananmen on "1 May" 1967, he grabbed the latter by the hand and said: Someone wanted to have you toppled but you cannot be toppled. The following day, a

"supreme instruction" appeared on big and small posters on the streets of Beijing. It was a pity that no photo was taken of the 1967 Tiananmen meeting. The album, however, includes a picture showing Mao Zedong shaking hands with Wang Zhen on the rostrum of Tiananmen on National Day 1969. The leader deeply appreciated this old soldier.

A true man will not trim his sail to the wind. There are some stories which cannot be reflected in the album. In early 1976, a campaign to criticize Deng Xiaoping and wage a counterattack against the rightist reversal of verdicts was launched at the instigation of the Gang of Four. As vice premier of the State Council, Wang Zhen was required to make known his position and, of course, he was not afraid to state his views. On a Central Committee document criticizing Deng Xiaoping, he had the guts to put down some of the words of praise which Mao Zedong had used about Deng Xiaoping such as "a rare talent." It was clearly indicated on the document that it was to be returned after he had read it. Perhaps out of a well-intentioned desire to protect his boss, his secretary had these remarks struck out before returning the document. Wang Zhen was not at all happy about this.

Wang Zhen had a portrait of Mao Zedong hanging on the wall of his sitting room. Every time his visitors asked to take pictures with him, he would lead them to that wall and keep reminding the cameramen to adjust the angle of their cameras in such a way as to include the portrait in the picture. I think this reflects true belief, the true feelings one person has for another, the true feelings a commander has for his commander-in-chief.

In the album is a picture showing Wang Zhen and General Ye smiling at each other and shaking hands. They both look so happy. These two militarists and politicians had been friends for decades. During the last days of the Cultural Revolution, in particular, they worked hard alongside some other veteran comrades upholding the situation and made vigorous efforts to turn the tide after Mao Zedong's death. There was no ordinary friendship. Elder Wang regularly visited General Ye when he was very sick. One day, hearing that General Ye was critically ill, he hurried to Xishan before the night was out. An ordinary visitor would spend no more than an hour or so with the patient but he was there all night. After General Ye's death, he insisted on joining other leaders in escorting the ashes back to General Ye's native Guangdong although he was not originally on the list. When General Ye's statue was completed in his native village, Elder Wang went to Meixian to be present at the ceremony marking the occasion. It was an emotional occasion. From there he wrote to his family saying that he missed Mao Zedong, Zhou Enlai, and other revolutionaries of the older generation....

It was a sincere and true world of emotions, an unaging world of emotions.

A person who is loyal to his friends has many friends. It takes a tremendous amount of faith to give someone

your heart within the revolutionary ranks. Wang Zhen, a general with a worker's background, had all kinds of friends. Everyone knows that he cherished intellectuals after the founding of the People's Republic but in fact he set great store by the intelligentsia even during the war years. In the album is a picture showing the general explaining our Army's policy to the Japanese prisoners-of-war. The bespectacled interpreter in the middle is a person named Zhao Anbo [6392 1344 0590] who became the intelligence chief of the 359th brigade after returning from studies in Japan. Wang Zhen had a deep friendship with him. He also brought with him a number of intellectuals when he made the 10,000-li southern expedition. They included the chemistry expert Chen Kangbai [7115 1660 4101] and writers Ma Hanbing [7456 1383 0393] and Zhou Libo [0719 4539 3134]. One of the pictures shows that when the troops crossed the Huanghe River, which was bound by rare snow on that occasion, Chen Kangbai was walking with Wang Zhen and other leaders of the southern expedition. After crossing the river, the general wrote the following doggerel in praise of Chen: "He shaves his beard on Luliang Mountain and loses his mule on the shore of the Fenhe River but refuses to let go of his bamboo pole and pledges to share weal and woe with Marxism-Leninism." The line exudes trust and harmonious friendship.

Dedication to others and dedication to the revolutionary cause probably constitute the might of a person's integrity.

A True Pragmatist

As we leaf through the "Wang Zhen Photo Album," a vivid feature which we cannot fail to notice is that there is a particularly large number of pictures taken on the first lines of work and struggle. It is these pictures that are particularly interesting.

What makes them so interesting is that they are truthful and pragmatic.

His charm was not something "contrived." A life of solid work was a vivid life. Just look:

In October 1938, he was commander of the campaign at Shaojiazhuang. With the smoke of gunpowder all around, he was sitting on the edge of the trench, resting on one elbow, or kneeling on pieces of paper on the ground, drafting orders on the line of fire. We cannot see clearly the expression on his face but can easily appreciate the mood of "mounting the horse to fight the barbarians, dismounting to write military orders."

In November 1948, he was leading the second column in crushing the 76th Army in Chengcheng County, western Shaanxi. He was squatting on the ground, talking on the telephone and looking at the map at the same time. The map was made up of four pieces and was held down by pieces of stones.

In May 1951, the ditch built at Kuerle by the troops stationed in Xinjiang was ready to be put into operation.

He excitedly jumped into the water and he was laughing heartily and clapping his hands at the same time.

In 1954, he was carrying out prospecting for a forest railroad in the Yichun District of Heilongjiang. With barren slopes in front and thick forests at the back, one can tell at a glance that it was the picture of an uninhabited place. When he was commander of the Railroad Corps, he always had his quarters where he worked.

He was used to working from work-sites rather than merely visiting the sites to inspect work progress. In 1956, after being transferred to the post of Minister of Land Reclamation, he even proposed relocating the office to the Great Northern Wilderness. In the album is a picture taken at his office on the farm. The sheds in the background, the bamboo covered walls, and the attentive crowd around him could not be faked.

In the picture taken with the land-reclamation fighters in Xinjiang in 1960, he is sitting on the ground; the close-fitting cotton-padded coat with black cloth buttons and the white edges of his cloth shoes are clearly visible.

These showed the real Wang Zhen. It was these that constituted his career; it was these that constituted his brilliance.

A person who truly wants to do things does not care about fame and profits but people will find him particularly admirable.

In 1955, Wang Zhen was made Deputy Commander-in-Chief of the People's Liberation Army and given the rank of general. But he did not care about such high position. A year later, he quit the military and transferred to civilian work for the cause of land reclamation. He said: If I do not take the initiative to transfer to civilian work, how can we convince the 100,000 officers and men to make the transfer. I have to take the lead.

Wang Zhen had never even sought an "official position." In 1986, the State Education Commission established the Foundation of Prizes for Secondary, Primary and Nursery Teachers. Comrade Li Peng, who was then Vice Premier of the State Council in charge of education, invited him to be honorary president of the foundation. Wang Zhen said: I have never sought an official position all my life. If I take the offer, I have to be the president. He did not like empty titles and liked doing real things. That was his nature. He and his aides and dependents were the first to make donations to the foundation. He felt concerned about the 10-year fundraising target and found it far too low. He personally proposed a new target which was several times higher. In less than 10 years, this target was achieved in 1993.

He had devoted a lot of painstaking efforts to this. After Wang Zhen's death, Huo Fanzheng [7202 2868 1767], a national special-grade teacher, said with deep emotion at a rally: If everyone shows concern to education the way Elder Wang did, things like teachers not getting paid on time would never have occurred.

When we miss a person, it is generally not because of his position. What really matters is the things he did. At the time of Wang Zhen's death, a visiting Japanese theatrical troupe was performing in Beijing. The guests paid a special visit to Wang Zhen's house to pay their last respects to him. They had their special way of expressing their feelings: They sang the song "Nanniwan" in Chinese, which moved everyone present to tears.

This is not told in the album but it nonetheless gave the most apt illustration of the protagonist.

What does "Nanniwan" represent? It represents the pioneering spirit, loyalty, and pragmatism.

Schools To Stress Patriotism for WWII Anniversary

OW1004165495 Beijing XINHUA in English 1630
GMT 10 Apr 95

[FBIS Transcribed Text] Beijing, April 10 (XINHUA)—The State Education Commission (SEC) asked all schools to teach students patriotism when China and other countries in the world celebrate the 50th anniversary of D-Day.

The SEC's latest move for the anniversary stressed the fact that students must be aware of the suffering of people in wartime and the tremendous sacrifices that people made in fighting the fascists.

Students should bear in mind that they are responsible for safeguarding world peace and fighting against hegemony as well.

The SEC said that students should recognize the heinous crimes committed by the Japanese militarists, and the Chinese people's glorious achievements during the war of resistance.

By taking part in a series of educational activities, students are expected to have a stronger sense of self-respect, confidence, and pride in their country.

As the 50th anniversary approaches, China has been holding various kinds of celebrations. Many students in Beijing have visited tunnels which were used as air-raid shelters during the Anti-Japanese War.

It has been reported that Chinese President Jiang Zemin has been invited to take part in the celebration to be held in Moscow in May.

***Article Urges Importance of Collectivist Values**

95CM0158A Beijing XUOXI YU YANJIU [STUDY
AND RESEARCH] in Chinese No 2, 5 Feb 95 pp 9-12

[Article by Professor Lin Tai (2651 3141), Qinghua University: "Socialist Market Economy and the Collectivist Value Outlook, Part 1"]

[FBIS Translated Text] We are in the midst of a transition from the traditional planned economic system to a

socialist market economic system. What kind of change in value concepts will this change in economic system bring? Should we, and can we, maintain the socialist value outlook? The CPC Central Committee has answered this question unequivocally. General Secretary Jiang Zemin has emphasized again and again that we must make patriotism, collectivism, and socialism the main rhythm of the spirit of the times.

But there is also another social ideological trend: With respect to the economy, the principal role of the public ownership system and the guiding function of the state-owned economy are being rejected; "privatization" is advocated. With respect to value outlook and moral outlook, we use developing the market economy as an excuse to advocate "selfish departmentalism"; we actually try to "right the name" of individualism. A recently published pamphlet, "New Ethics," invoked the name of "new hierarchy of ethics" as it described the idea "every man must always help himself but can only help others occasionally" as an objective law. It depicted as an "incidental ethical principle" the communist ethics of "devoting oneself to public services by giving up one's own interests, courageously dedicating one's life to the cause, and if necessary, sacrificing one's own life," as advocated in the "CPC Party Central Committee's Decision on the Guiding Principle Toward Socialist Spiritual Civilization Construction," and it said that Lei Feng's communist spirit of "sacrificing oneself for the sake of others" was based on his "desire to pay his debt of gratitude" and that "the reason a person is selfless at first is that he realizes that there is something to be gained—such as, society will applaud him and others will be indebted to him—if he helps others. In turn he learns that benefitting others is the best way to benefit himself and is the sure way to get what he wants in life." It boasted that "only the very selfish ... can endure the hardship of long years of studying and hard work; only they will explore, create, and discover the new key that drives science and society and turns a new page in history."

More than 200 years ago, Adam Smith started out from the market economic theory of laissez-faire and derived the moral principle of serving oneself subjectively while serving others objectively. In the early 1980's, in the name of this same moral principle, "Pan Xiao" also said that "everybody is selfish." Today, in the name of "proper egoism" that advocates "serve oneself by serving others," "New Ethics" makes "egoistic goals" the fundamental driving force behind social development and the only basic ethical principle. This "new" ethics is nothing new, but it does bring out a question that warrants serious thinking: What kind of human value concepts and ethical principles does the socialist market economy need?

Upholding Collectivism's Centralized Guidance Amid Diversification

Reform and opening up, the promotion of the socialist market economy, and the profound changes in the economic system indeed have brought changes to the people's interest relationships and value concepts. One of the most important changes is economic diversification and stratification, which also has brought diversity to the people's interest relationships and value concepts.

The public ownership system, which used to be the only system, is now the primary system along with many other economic components; there are diverse interest entities. Privately owned, individual-owned, foreign-funded enterprises, Sino-foreign joint ventures, and cooperative ventures, whose economic makeup consists of the private ownership system, are developing rapidly. The huge profit they make naturally cause people's value concepts to change dramatically. Various value concepts that reflect the private ownership system, including individualism, have taken on different forms and have gained popularity.

Even in the state-owned economy, because of the transition toward the market economy, enterprises now can make their own management decisions and manage their own profits and losses, and individuals have greater freedom of choice (personnel management used to be unit-owned, but qualified people are relatively free to circulate today; college graduates used to be assigned jobs by the state but have the freedom to choose and be chosen for jobs today; students are free to further their studies abroad and to return home afterwards, and so on.) The state, localities, enterprises, and individuals have become definite entities with responsibilities, rights, and privileges; there is a whole hierarchy of interest entities. On this basis, cliquism and selfish departmentalism have spontaneously manifested themselves in different forms.

The rural collective economy has made the family-based, output-related contract system the basic operating format. Under the bi-level management system, the development of a small-producer management system naturally brings spontaneous development to family and individual departmentalism.

The development of private economic components and the strengthening of cliquism and individualism have a dual impact on society. Overall, these developments and changes suit the productive forces in the primary stage of socialism in China. The development of diverse economic components makes it possible for nonpublic-owned economic components to become beneficial supplements to the public-owned economy. The state, localities, enterprises, and individuals have become entities with responsibilities, rights, and privileges, and their initiative and enthusiasm are mobilized at their respective levels. At the present stage, given the condition that working is still a means to make a living, the workers are concerned about production out of their own material

interests, and this also greatly mobilize their enthusiasm. All these factors increase economic vitality and play a positive role in liberating and developing productive forces.

But we must realize that these changes and developments also have their negative aspects. With proper guidance, the development of the nonpublic-owned economic components can be beneficial supplements to the public-owned economy, but they can also produce a spontaneous tendency to shun the guidance and constraints of the public-ownership system and go so far as to demand "privatization." The strengthening of cliquism and selfish departmentalism enhances the initiative of the hierarchy of interest entities, but it can also spontaneously give rise to "local protectionism," "cliquism," and "extreme selfishness," which can jeopardize the interests of the state and the large collective. It can give rise to the idea that "every measure has a countermeasure," which will interfere with the state's macroeconomic regulation and control. It can lead people to ignore social benefits and "put money above everything else." It can even lead to illegal operations and profiteering. It proves that diversification and stratification of interest entities and the corresponding changes in value concepts require guidance and restraint. The collectivist value outlook, as advocated by the unified guidance of the socialist public-ownership system and the macroeconomic regulation and control of the socialist state, is the most important social force that limits negative tendencies and provides a positive guidance. We acknowledge the inevitability and the reality of the private economy, cliquism, and selfish departmentalism at the present stage, but we also affirm the inevitability and reality of the public ownership system as the primary system and the state and the people as the bases. Diversification of economic components and value outlooks are objective facts; the socialist economic base and the centralized guidance of the superstructure are also objective facts, and this is the main contradiction that determines the essence of all matters. Therefore, we cannot use the diversified economic components and the stratified interest entities as excuses to advocate "individualism" or "cliquism," because to do so will only increase and legitimize the negative aspects.

Collectivism Is an Inherent Necessity in the Socialist Market Economy

Some people believe that developing the market economy will inevitably lead to selfish departmentalism; it is an objective law independent of the will of the people. To develop a market economy and advocate collectivism is nothing but good-hearted utopianism.

Indeed, a complete laissez-faire market economy requires selfish departmentalism. It played a positive role during the rise of capitalism. But all modern market economies have state-imposed macroeconomic regulation and control, and their value outlooks also need

moral regulation. Singapore advocates "nationalism" and "community base"; Japan advocates "solidarity" and "enterprise spirit." Even the United States, who has always believed in individualism as the guiding value outlook, is vexed by the young people's extreme individualism, their pursuit of hedonism and personal indulgence, and the loss of social ideals. Western scholars and certain people with insight predict that "Western individualist culture ultimately will destroy itself." They also realize that Eastern "community concepts" play a role in economic development. These prove that even in a modern capitalist market economy, the historical limitation of individualism is increasingly apparent. In terms of value outlook, the basic conflict between socialized production and capitalist private possession is manifested in the obstruction of social development by the kind of individualism which is consistent with the capitalist private-ownership system.

In terms of the market economy's operating mechanisms, the socialist market economy and the modern capitalist market economy do have something in common. But socialism's essential needs inevitably manifest the system's uniqueness in the market economy. First, in a socialist society, the market economy is integrated into the basic socialist system. The public-ownership system is the primary system and the state-ownership system is the guiding system, and together they are the means to achieve the goal of letting all people share in the wealth. In terms of value outlook and moral concepts, naturally, socialist collectivism which is based on the people and which puts the state's and the collective's interests first must be given the guiding role. Capital Steel Corporation's "contract-based" concept is guided by a "people-based" ideology. It first guarantees the preservation and the appreciation of value of state properties and the increase in the amount of tax revenues delivered to the state, and on that basis, it seeks enterprise development and more workers' benefits. Jilin Chemical Industrial Company also guarantees the state a bigger share of the profit, and on that premise, it advocates the socialist collective enterprise spirit of "if Jilin Chemical makes a profit, I benefit; I work for Jilin Chemical's benefit." Shanghai's No. 2 Textiles and Baoshan Steel and other enterprises that have done a good job with reform all utilized socialist collectivism to mobilize the people's enthusiasm; none advocated individualism. The rural collective economic mold set up in southern Jiangsu and Shandong and other localities also "keep enough for the collective before taking a personal share." They guarantee collective economic development as the premise in achieving wealth for everyone. It is fair to say that only the kind of socialist collectivism that integrates the interests of the state, collective, and individuals, and puts the state's and the people's overall interest above individual interests can guarantee the development of the market economy in the proper direction which makes the public ownership system the main system. The belief that "selfish goals" are the fundamental driving force behind social development

and the only basic moral principle is absolutely wrong for a market economy where the public-ownership system is the main system.

Second, the socialist market economy lets the market allocate resources under the socialist state's macroeconomic regulation and control. What it creates is a greater unified market for the socialist state where laws and regulations and policies are unified. Its mechanisms are coordinated and orderly, and only then can the state truly regulate and control the market, the market guide enterprises, and economic development be "lively but not chaotic; managed but not rigid." The restructuring of the tax, financial, planning, foreign exchange, foreign trade, pricing, and social security systems aims to serve the development of the great, unified, orderly market under the socialist state's macroeconomic regulation and control. To achieve this goal and to keep pace with the reform, we must go among the masses of cadres and people to advocate the kind of socialist collectivist ideology that integrates state, collective, and individual interests and puts state and the people's interests above cliques and individuals, so that we can curb the spontaneous development of localism, cliquism, and individualism that can interfere with and hurt the state's overall interests, and guarantee that state laws, rules, regulations, and policies are implemented, and the establishment of the state macroeconomic regulation and control system.

Obviously, advocating socialist collectivism is not the subjective wish of certain leaders, nor is it something external and coercive; rather, it is an internal, objective need and is in the nature of the socialist market economy. It is fair to say that whether collectivism is advocated is an important essential distinction between socialism and capitalism. Long ago, Comrade Xiaoping said: "The reason we advocate distribution according to work and acknowledge the existence of material interests is that we are struggling for the material interests of all people. Each person should have certain material interests, but this does not mean that everybody should abandon the state, the collective, and other people, and struggle only for one's own material interests. We definitely are not advocating that people do everything for 'money.' If that were the case, what would be the difference between socialism and capitalism? We have always maintained that in a socialist society, state, collective, and individual interests are basically the same. If there are conflicts, individual interests should yield to state and collective interests. For the sake of state and collective interests, and for the sake of the public interests, all progressive elements with revolutionary consciousness but sacrifice their own interests. We must work hard to propagate among the masses of people and among all young people this kind of noble ethics." (*Deng Xiaoping Selected Works 1975-1982*, p 297.)

Of course, we should sobermindedly realize that at this primary stage of socialism, the effects of the old society

will still be around and the components of the private economy will remain for sometime and will even grow, and therefore "individualism" and "egoism" and other ideas will linger and even develop. Under the conditions of the market economy, the law of value plays a governing role, and it is also inevitable that enterprise and individual initiative will be marked by spontaneity. Because working is still a means to make a living, the masses of workers who take part in the reform and construction are still driven to pursue personal interests. The majority among them are more than willing to abide by the law and obey social morals and professional ethics; they get rich by working hard, and their wealth is legitimate. But when there is a conflict between state, collective, and individual interests, they may not handle the contradiction properly. Under these circumstances, it will be impractical to try to curb the spontaneity of "individualism" and "cliquism." What we can do at this stage is to make sure that socialist collectivism plays the dominant role. Specifically, we must first ask the cadres at all levels and the backbone elements in all trades and industries to consciously foster a socialist collectivist value outlook. We should rely on them to formulate and implement socialist policies, laws, and regulations, and we should educate the people about the proper handling of the interest relationships between the state, the collective, and individuals, and entice the people to pursue socialist and collectivist instead of personal interests. We should respect the people's pursuit of legitimate interests, but we should also integrate this with the interests of the state and the collective. This is necessary in order to guarantee the socialist direction of our undertakings. In the 1920's, Lenin already understood and brought out this issue. He attached great importance to the positive side of worker concerns for personal interests and elevated to great heights the principle of "showing concern out of personal interest." But the origin and the foothold of Lenin's principle was socialist common interest. To acknowledge and respect the reality of the masses of workers' pursuit of personal interests, but still guide the people with socialist common interest is the essence of Leninism.

Our suggestion of making patriotism, collectivism, and socialism the main rhythm of the times is very scientific and is consistent with Lenin's thinking. To emphasize the main rhythm naturally acknowledges the existence of other rhythms, but the supplementary rhythms must harmonize with the main rhythm; they must set off and bring out the main rhythm; otherwise they will be rewritten or discarded. Similarly, emphasizing a collectivist value outlook as the main rhythm inevitably acknowledges the existence of other value outlooks, including the existence of an individualist value outlook. But diversity of value outlooks must never interfere with the unique guiding role of the collectivist value outlook; they should all face the same direction as the collectivist value outlook.

***XINHUA Carries Tax Collection Law Amendment**

95CM0200A Beijing XINHUA in Chinese 1158 GMT 28 Feb 95

["People's Republic of China Tax Collection Administration Law"]

[FBIS Translated Text] 28 February XINHUA Dispatch: (Amendment of the People's Republic of China Tax Collection Administration Law Passed by the 27th Meeting of the Seventh National People's Congress Standing Committee on 4 September 1992 Based on the 28 February 1995 "Decisions Regarding Revision of the 'People's Republic of China Tax Collection Administration Law'" of the 11th Meeting of the Eighth NPC.)

Chapter I. General Regulations

Article 1. This law is enacted to improve tax collection administration, to ensure national tax revenues, and to protect the legal rights and interests of taxpayers.

Article 2. The provisions of this law apply to the administration of all tax collections that the tax authorities make according to law.

Article 3. Tax collections, tax reductions, tax waivers, tax refunds, and payment of additional taxes shall be initiated or halted according to the provisions of the law. Administrative rules and regulations that the law empowers the State Council to prescribe shall be enforced in accordance with the provisions of State Council-prescribed administrative rules and regulations.

No agency, unit, or individual may violate provisions of the law and administrative regulations, nor may they make unauthorized decisions about beginning or halting tax collections, tax reductions, tax waivers, tax refunds, or payment of additional taxes.

Article 4. The law and administrative rules and regulations define as taxpayers those units and individuals responsible for paying taxes.

The law and administrative rules and regulations define as persons responsible for making tax withholdings and tax payments those units and individuals responsible for withholding taxes for payment and for collecting taxes for payment on behalf of a third party.

Taxpayers and those responsible for making withholdings and payments must pay taxes, make withholdings for payment, and collect taxes for payment in accordance with law and administrative rules and regulations.

Article 5. State Council departments in charge are responsible for tax collection nationwide.

All local people's governments must improve leadership of tax collection work within their administrative purview, assist tax agencies in the discharge of their functions according to law, and complete tax collection tasks.

All agencies and departments concerned must support and assist tax authorities in discharging their functions according to law.

No unit or individual may obstruct tax authorities in the discharge of their functions according to law.

Article 6. Tax personnel must enforce the law impartially and faithfully discharge their duties. They may not solicit or accept bribes, act wrongly out of personal considerations, engage in fraudulent practices, be derelict in the performance of their duties, or fail to collect taxes or collect less tax than they should collect. They may not abuse official authority to collect excess taxes, or wilfully perpetrate difficulties for taxpayers and those responsible for withholdings payments.

Article 7. All units and individuals have the right to report violations of the tax code and administrative laws and regulations. Tax authorities must keep the identities of informers secret and issue awards to them according to regulations.

Article 8. The term tax authorities used in this law means taxation bureaus, taxation branch bureaus, and taxation offices at all levels.

Chapter II. Taxation Control

Section 1. Tax Registration

Article 9. Business enterprises, their branches located elsewhere and their production and business sites, individually operated industries and businesses, and entrepreneurial units engaged in production and business (hereafter termed taxpayers engaged in production and business) will, within 30 days of receipt of their business license, present pertinent certificates to the tax authorities to make application for registration to file tax returns. Following examination and approval of the application, the tax authorities will issue a tax registration certificate.

The purview and methods by which taxpayers not covered by the foregoing provision register to pay taxes will be prescribed by the State Council.

Article 10. Should any changes occur in the tax registration of a taxpayer engaged in production and business within 30 days from filing a registration change with the industrial and commercial administrative authorities or within 30 days prior to applying for cancellation of registration with the industrial and commercial administrative authorities, the taxpayer will present pertinent documents to the tax authorities to apply for a change or cancellation of tax registration.

Article 11. Taxpayers will use their tax registration certificates as prescribed by the State Council authorities in charge of tax matters. Tax registration documents may not be transferred, altered, damaged or destroyed, bought and sold, or forged.

Section 2. Account Books and Voucher Control

Article 12. Taxpayers engaged in production and business, and those responsible for making withholdings and payments will set up account books to keep accounts in accordance with the regulations of State Council finance and tax departments in charge. They will keep accounts based on vouchers as the law prescribes. Individually owned industries and businesses that are truly unable to set up account books may, subject to economic and tax authorities approval, be excused from setting them up.

Article 13. Taxpayers engaged in production and business must file a memorandum for the record with the tax authorities on their finance and accounting systems or their finance and accounting handling methods.

When the finance and accounting systems or the finance and accounting handling methods of taxpayers engaged in production and business conflict with those that the tax collection authorities prescribe, tax payments will be calculated in accordance with the pertinent tax regulations of the State Council or State Council finance and tax departments in charge.

Article 14. Added value tax receipts must be printed by the firms that the State Council tax authorities designate. Other receipts will be printed as State Council tax authorities prescribe by the firms that province, autonomous region, or directly administered municipal people's government tax units designate.

The State Council will prescribe receipt control methods.

Article 15. Taxpayers engaged in production and business, and those responsible for making withholdings and payments, must keep account books, vouchers, tax payment certificates, and other materials for the period of time that the State Council fiscal and tax authorities prescribe.

Account books, vouchers, tax payment certificates, and other materials may not be counterfeited or altered, or destroyed without authorization.

Section 3. Tax Payment Declarations

Article 16. Taxpayers must file tax payment declarations within the period prescribed by law and administrative rules and regulations, or within the period that tax authorities prescribe according to law and administrative rules and regulations. They must file a tax payment declaration form, a financial accounting form, and such other tax payment data as the tax authorities may require.

Those responsible for making withholdings and payments must file tax payment withholding and tax payment collection reports, as well as such other pertinent data that the tax authorities require as the law and administrative regulations prescribe, or as the tax authorities prescribe according to law and administrative rules and regulations.

Article 17. Taxpayers and those responsible for making withholdings and payments who are unable to file tax

payment declarations or reports on making withholdings and collections payments on behalf of third parties may delay filing subject to tax authority approval.

Chapter III. Tax Collections

Article 18. Tax authorities may not violate provisions of the law and administrative regulations in initiating collections, halting collections, and collecting too much or to little tax while collecting taxes according to law and administrative regulations.

Article 19. Those responsible for making withholdings and collections will withhold or collect taxes according to provisions of the law and administrative regulations. Units and individuals for whom the law and administrative regulations contain no provisions designating them responsible for withholding or collecting taxes on behalf of a third party may not be required by the tax authorities to assume responsibility for withholding or collecting taxes on behalf of a third party.

When a person responsible for tax withholdings and tax payments withholds and collects taxes according to law, taxpayers may not refuse compliance. Should a taxpayer refuse compliance, the person responsible for making withholdings and payments must promptly file a report with the tax authorities.

The tax authorities will pay a handling fee in accordance with regulations to those who are responsible for making tax withholdings and collections.

Article 20. Taxpayers and those responsible for making withholdings and payments will pay or turn over the tax monies within the time prescribed by law and administrative regulations, or the time that the tax authorities stipulate in accordance with the law and administrative regulations. When taxpayers are unable to pay taxes on time because of special hardships, they may obtain an extension for the payment of their taxes subject to approval of the Tax Bureau (or branch bureau), but such an extension may not exceed three months.

Should a taxpayer fail to pay taxes on time in accordance with the foregoing provision, or should those responsible for making withholdings and payments fail to turn over tax payments on time in accordance with the foregoing provision, not only may the tax authorities direct the payment within a specific period, but they may also impose a late payment fine amounting to two-tenths of a percent per day on the amount in arrears effective from the day of arrears.

Article 21. Taxpayers may apply to the tax authorities for a reduction or waiver of taxes according to law and administrative regulations.

Tax reduction and tax waiver applications must be approved by authorities authorized to grant tax reductions and tax waivers according to law. Tax reductions and tax waivers that local people's governments at all levels, people's government departments, units, and

individuals in charge at all levels grant in violation of the law or administrative regulations are invalid.

Article 22. When tax authorities collect taxes and when those responsible for making withholdings and collecting taxes withhold or collect taxes on behalf of a taxpayer, they must issue a tax payment receipt to the taxpayer.

Article 23. Should any of the following apply to a taxpayer, the tax authorities may set the amount of taxes to be paid:

- 1) Exemption from setting up account books as the provisions of this law allow;
- 2) failure to keep account books when provisions of this law require the keeping of accounts;
- 3) account books are maintained, but accounts are in disarray, or cost data, receipts, and payment vouchers are fragmentary, making examination of accounts difficult;
- 4) failure to file a tax payment declaration when a tax obligation exists, and exceeding the period for filing a tax payment declaration even after the tax authorities have directed that a declaration be filed within a certain period.

Article 24. Charges and fees must be collected or paid on the transactions of enterprises or between enterprises, institutions, places, and other associated enterprises engaged in production and business that foreign enterprises have set up in China as though the transactions are between independent enterprises. If charges and fees are not collected or paid in the same way as for transactions between independent enterprises, a reduction of the earnings or the amount of income on which they must pay taxes resulting, the tax authorities have the right to make reasonable adjustments.

Article 25. Units or individuals that have not obtained a permit to do business will not only be dealt with according to law by industrial and commercial administrative authorities, but the tax authorities will determine the amount of taxes they owe and issue an order for their payment. Should they fail to pay, the tax authorities may seize their commodities and goods to a value equal to the amount of taxes owing. Should they pay their taxes following such seizure, the tax authorities must release their goods at once and return to them all seized commodities and goods. Should they not pay taxes due following this seizure, following approval by the tax bureau (or branch bureau) director, the seized commodities and goods may be auctioned, the income obtained from the auction used to defray the tax payment.

Article 26. Should the tax authorities believe that a taxpayer engaged in production or business has evaded a tax payment obligation, they may direct payment of all taxes owing before a stipulated time. Should evidence be found within this prescribed tax payment period that a

taxpayer has clearly transferred or concealed the commodities, materials, and other property on which taxes are due, or income on which taxes are to be paid, the tax authorities may direct the taxpayer to post a tax payment guaranty. If the taxpayer is unable to provide a tax payment guaranty, following approval by the director of a tax bureau (or branch bureau) at the county level or above, the tax authorities may take the following measures to ensure full payment of taxes:

1) Provide written notice to the taxpayer's bank or other financial institution temporarily halting payment of money from the taxpayer's accounts equivalent to the amount of taxes due;

2) seize or seal up commodities, materials, or other property having a value equal to the amount of taxes due;

Should the taxpayer pay his taxes within the prescribed period, the tax authorities must immediately remove all measures taken to ensure full tax payment. Should the time expire without payment of the taxes, following approval of the tax bureau (or branch bureau) director, the tax authorities may send written notice to the taxpayer's bank or other financial institution to withhold tax payments from his accounts from which payments have been temporarily blocked, or they may auction all seize or sealed commodities, materials or other property, proceeds from the auction to defray tax payments.

When the tax authorities improperly require tax guarantees, or when the taxpayer pays taxes within the period of time allowed, but the tax authorities do not remove at once the measures taken to guarantee tax payment, thereby causing damage to the taxpayer's legal rights and interests, the tax authorities must bear responsibility for payment of compensation.

Article 27. When taxpayers engaged in production and business, and those responsible for making withholdings and payments fail to pay taxes or remit tax monies within the prescribed period of time, when tax guarantors fail to pay the taxes they have guaranteed within the prescribed period of time, and when tax authorities order payment of taxes within a certain period but payment is not made before expiry of the period, upon approval of the director of a tax bureau (or branch bureau) at the county level or above, the tax authorities may take the following measures to force compliance:

1) Written notice to the taxpayer's bank or other financial institution withholding taxes from deposits;

(2) seize, seal, or auction commodities, materials, or other property to a value equivalent to the taxes owing, using auction proceeds to defray the taxes.

When tax authorities act to force compliance, they may also force payment of late payment fees by taxpayers, those responsible for making withholdings and payments, and tax payment guarantors who fail to pay taxes.

Article 28. Tax delinquents intending to travel abroad must either settle all outstanding taxes with the tax authorities or provide a guarantor before leaving the country. Should they fail to settle taxes and not provide a guarantor, the tax authorities may notify the authorities in charge of exit from the country to block their exit.

Article 29. When the tax authorities seize commodities, goods, or other property, they must issue receipts; when they seal commodities, goods, or other property, they must issue a detailed inventory.

Article 30. When tax authorities discover that a taxpayer has overpaid taxes, they must immediately make refund. Should a taxpayer discover overpayment within three years following payment of taxes, he may request a refund from the tax authorities. Upon verification, the tax authorities must immediately make refunds.

Article 31. When the tax authorities are responsible for a taxpayer or person responsible for making withholdings and payments not paying or underpaying taxes, they may request that the taxpayer or person responsible for making withholdings and payments pay an additional tax, but no late payment penalty will be added.

Should a taxpayer or person responsible for making withholdings and payments fail to pay or underpay taxes as the result of a computation error, the tax authorities may seek recovery within three years. Under special circumstances, the recovery period may be extended to 10 years.

Chapter IV. Tax Inspections

Article 32. Tax authorities are authorized to conduct the following tax inspections:

1) Inspect taxpayer account books, vouchers, reports, and pertinent data; inspect the account books, vouchers, and pertinent data of those responsible for making withholdings and payments and those who withhold or collect tax money for payment;

2) enter taxpayers' places of production and business and storage areas to inspect commodities, goods, or other property on which taxes must be paid; inspect the businesses of those responsible for making withholdings and payments and those who withhold or collect tax money for payment;

3) direct taxpayers and those responsible for making withholdings and payments to provide documents, supporting materials, and pertinent data pertaining to tax payments or the tax payments of those who withhold or collect taxes for payment on behalf of third parties;

4) question taxpayers and persons responsible for making withholdings and payments about tax payments or about withholdings and collections of taxes for payment on behalf of third parties;

5) go to railroad stations, bus terminals, wharfs, airports, and post offices and their branches to inspect receipts,

vouchers, waybills, invoices, and other data pertaining to taxpayer shipped or mailed taxable commodities, goods, and other property;

6) inspect the savings accounts in banks or other financial institutions of taxpayers engaged in production and business, and of those responsible for withholdings payments, subject to approval of a county-level or above bureau (or branch bureau) director, and with a nationally uniform savings account search warrant in hand. Inspections of the savings accounts of taxpayers engaged in production and business must be checked by the bank's county or municipal branch, or the municipal branch's bank district office, all savings data provided described.

Article 33. Taxpayers and persons responsible for making withholdings and payments must submit to tax authority inspections conducted according to law. They must truthfully reveal information, provide pertinent data, and not refuse or conceal data.

Article 34. When tax authorities conduct inspections according to law, departments and units concerned must provide support and assistance. They must truthfully report to the tax authorities pertinent tax information about taxpayers and persons responsible for withholdings payments, and about the tax payments or withholdings and collections of tax money for payment on behalf of third parties, providing pertinent data and supporting materials.

Article 35. When tax authorities investigate a tax violation case, information and data about the case may be written down, tape recorded, videotaped, photographed, and reproduced.

Article 36. When the tax authorities dispatch personnel to conduct an investigation, they must present tax inspection credentials and be responsible for maintaining secrecy about the persons investigated.

Chapter V. Legal Responsibility

Article 37. Should any of the following pertain to a taxpayer, the tax authorities having issued an order for corrections within a specific period of time and the time having expired without corrections having been made, the tax authorities may levy fines of up to 2,000 yuan. In serious cases, fines ranging from 2,000 to 10,000 yuan may be levied for:

- 1) Failure to register, change, or cancel a tax declaration within the prescribed period;
- 2) failure to set up and safeguard account books as prescribed, or to keep receipts and pertinent data as prescribed;
- 3) and failure to send to the tax authorities for future reference financial and accounting system or finance and accounting handling methods as prescribed.

Article 38. Persons responsible for making withholdings and payments who do not set up and safeguard account

books on the withholding and collection of taxes for payment on behalf of third parties, or who do not keep vouchers and pertinent materials on withholdings and collections of taxes for payment on behalf of third parties, and whom the tax authorities have ordered to make corrections within a specific period, but who fail to make the corrections, may be fined up to 2,000 yuan. In serious cases, they may be fined no less than 2,000 and no more than 5,000 yuan.

Article 39. Taxpayers who fail to file tax returns within the prescribed period, and those responsible for making withholdings and payments who fail to file returns with tax authorities within the prescribed period for the withholding and collection of taxes on behalf of third parties whom the tax authorities have directed to make corrections within a specific period, may be fined up to 2,000 yuan. If they fail to make corrections within the prescribed period of time, they may be fined no less than 2,000 and no more than 10,000 yuan.

Article 40. Taxpayers who falsify, alter, or conceal, or who destroy account books and vouchers without authorization, who inflate account book expenditures or fail to post income or post reduced income, who file false tax declarations, or who do not pay taxes or underpay taxes are tax evaders. When the amount of taxes evaded amounts to more than 10 percent of the tax bill, or the amount of taxes evaded is more than 10,000 yuan, or when the tax authorities give a tax evader secondary administrative punishment and he continues to evade payment of taxes, not only will the tax authorities recover the amount of taxes evaded, but they may also prescribe the punishments for tax evasion and refusal to pay taxes prescribed in supplementary Article 1. When the amount of tax evasion is less than 10,000 yuan, or is less than 10 percent of the total tax bill, the tax authorities may recover the amount of taxes evaded and prescribe a fine of up to five times the amount of taxes evaded.

A person responsible for making withholdings and payments who does any of the foregoing, or who does not pay, or underpays, taxes already withheld or collected, will, if the amount is less than 10 percent of the amount of taxes due, or is less than 10,000 yuan, be punished under the provisions for tax evasion or refusal to pay taxes of Article 1 of the supplementary regulations. If the amount is less than 10,000 yuan or less than 10 percent of the amount of taxes due, the tax authorities will recover the amount of taxes not paid or underpaid and may prescribe a fine of up to five times the amount not paid or underpaid.

Article 41. When a taxpayer who owes unpaid taxes tries to transfer or conceal assets so that the tax authorities cannot recover the tax money owed, if the amount is more than 10,000 yuan, not only will the tax authorities recover the amount due, but they will also prescribe punishment under the provisions for tax evasion or refusal to pay taxes of Article 2 of the supplementary

regulations. When the amount is less than 10,000 yuan, the tax authorities will recover the amount of taxes due and may prescribe a fine of up to five times the amount due.

Article 42. Should any entrepreneurial unit violate the provisions of Article 40 and Article 41, those found criminally liable will be punished under the provisions of Article 3 of the supplementary regulations for tax evasion and refusal to pay taxes. If no criminal offense is committed, the tax authorities will recover the amount not paid or underpaid and may prescribe a fine of up to five times the amount not paid or underpaid.

Article 43. A taxpayer who offers a bribe to a tax official in order not to pay or to underpay taxes due will be fined under the provisions of Article 2 of the supplementary regulations for the punishment of tax evasion and refusal to pay taxes.

Article 44. When an entrepreneurial unit perpetrates deception such as falsely declaring the export of commodities that it produces or sells in order to cheat the state out of an export refund, if the amount is more than 10,000 yuan, not only will the tax authorities recover the refund, but they will also prescribe punishment according to paragraph 1 of Article 5 of the supplementary regulations for the punishment of tax evasion and refusal to pay taxes. If the amount of the refund is less than 10,000 yuan, the tax authorities will recover the refund and may prescribe a fine of up to five times the amount of the defrauded refund.

Should units and individuals not covered by the foregoing provisions defraud the state of an export refund, the tax authorities will not only recover the amount of tax refund defrauded, but they will also prescribe a punishment under the provisions of paragraph 2 of Article 2 of the supplementary regulations for the punishment of tax evasion and refusal to pay taxes. When the amount is relatively small, and no criminal offense has been committed, the tax authorities will recover the defrauded refund and prescribe a fine of up to five times the amount of the defrauded taxes.

Article 45. The use of force or threats in refusing to pay taxes constitutes refusal to pay taxes. Not only will the tax authorities recover the amount of taxes for which payment is refused, but they will also prescribe a fine in accordance with the provisions of Article 6 of the supplementary regulations for the punishment of tax evasion and refusal to pay taxes. In insignificant cases where no criminal offense has been committed, the tax authorities will recover the tax money for which payment is refused and prescribe a fine of up to five times the amount of tax payment refused.

Use of force in refusing to pay taxes that results in serious injury or death will be severely punished as attempted bodily harm or homicide, and a fine will be prescribed in accordance with the provisions of the second paragraph of Article 2 of the supplementary

regulations for the punishment of the crime of tax evasion and refusal to pay taxes.

Article 46. When taxpayers engaged in production and business, and those responsible for making withholdings and payments, do not pay or underpay taxes that are due, or fail to remit taxes within the prescribed time, and continue to fail to pay taxes within the prescribed period following an order to pay from the tax authorities, the tax authorities may not only take forcible measures to gain compliance in accordance with the provisions of Article 27 of this law to recover the nonpayment or underpayment of taxes, but they may also prescribe a fine of up to five times the amount of nonpayment or underpayment of taxes.

Article 47. When those responsible for making withholdings and collections do not withhold or collect taxes as required, those responsible for withholdings and collections will be responsible for payment of the taxes that were not withheld or collected; however, those responsible for making withholdings who promptly report to the tax authorities instances in which taxpayers refuse to permit deductions and refuse to make collections are excepted from this provision.

Article 48. When receipts are illegally printed in violation of the provisions of Article 14 of this law, the tax authorities will burn the illegally printed receipts, confiscate earnings in violation of the law, and levy fines.

Article 49. The administrative punishments that this law prescribes will be decided by a tax bureau (or branch bureau) at the county level or above. Fines of less than 1,000 yuan levied against individually owned industries or businesses and units and individuals doing business who have not obtained a license will be decided by the tax authorities.

Tax authorities must issue receipts for the payment of fines.

Article 50. Those who employ force or threats to impede tax personnel in the conduct of their functions according to law will be held criminally liable under the provisions of Article 157 of the criminal code. Those who refuse or impede tax personnel in the exercise of their functions according to law without resort to force or threats will be punished by public security units in accordance with provisions of regulations pertaining to the maintenance of public order.

Article 51. All receipts from people's court and tax authority fines will be turned over to the national treasury.

Article 52. Tax personnel who collude with taxpayers and those responsible for making withholdings and payments to abet or assist taxpayers or those responsible for making withholdings and payments in the violation of articles 40, 41, 42, and 44 of this code will be fined in

accordance with provisions of the criminal code pertaining to joint offenses. Those not convicted of a criminal offense will be given administrative punishment.

Article 53. Tax personnel found guilty of criminal wrongdoing in the abuse of their office who accept or solicit property of value from taxpayers or those responsible for withholdings payments will be held criminally responsible for bribe taking. Those not found guilty of criminal wrongdoing will be given administrative punishment.

Article 54. Tax personnel who fail to discharge their duties by either failing to collect or collecting less tax than is due, thereby causing major losses to the state, will be held criminally liable under provisions of Article 187 of the criminal code. Those not found criminally responsible will be given administrative punishment.

Tax personnel who abuse their authority and wilfully cause difficulties for taxpayers and those responsible for withholdings payments will be administratively punished.

Article 55. Those who violate the provisions of the law and administrative regulations, arrogating to themselves decisions about when to begin, halt, or reduce taxes, waive taxes, refund taxes, and pay additional taxes will not only have their unauthorized decisions overturned in accordance with provisions of this law, but will also make up the taxes that were due but not collected, and the amount of improper refunds. Higher authorities will also investigate and fix administrative responsibility directly on the personnel concerned.

Article 56. When disputes about taxes arise between the tax authorities and taxpayers, those responsible for withholdings, or tax payment guarantors, the taxes must first be paid or turned over together with late payment fees as the law and administrative regulations provide. Afterward, request may be made for a review by the next higher level of tax authority within 60 days following the date appearing on the tax receipt that the tax authorities issued. The tax authorities must render a decision within 60 days of receipt of the review request. If the review decision is deemed unacceptable, suit may be brought in a people's court within 15 days after receipt of the decision.

Should the parties concerned refuse to accept the tax authorities' decision about penalties, forcible enforcement actions, or measures to insure full tax payment, they may request review within 15 days of receipt of the penalty notice by the next higher level of authority making the penalty decision, or taking forcible action, or taking measures to insure full payment. Should they not accept the review decision, they may bring suit in a people's court within 15 days of receipt of the review decision. The parties concerned may also directly sue in a people's court within 15 days of receipt of a penalty notice, notice of forcible enforcement actions, or measures to obtain full tax payment. During the period of review or litigation, forcible enforcement actions and measures to obtain full tax payment will not be suspended.

Should no request for review be filed or suit brought in a people's court against a penalty decision of the tax authorities within the time allowed, the tax authorities who rendered the penalty decision may request forcible enforcement by a people's court.

Chapter VI. Supplementary Articles

Article 57. Taxpayers and those responsible for making withholdings and payments may appoint a tax agent to handle matters on their behalf.

Article 58. Refer to applicable provisions of this law for enforcement of tax collection administration of the agricultural tax, the animal husbandry tax, the cultivated land condemnation tax, and the deed tax.

Tax collection administration of third party collection of customs duties and the ship tonnage tax will be conducted according to applicable provisions of the law and administrative regulations.

Article 59. When treaties and agreements covering tax matters that the People's Republic of China concludes with foreign countries contain provisions at variance with this law, handling is to be in accordance with provisions of the treaties and agreements.

Article 60. Should provisions of this law conflict with the tax law in being prior to promulgation of this law, the provisions of this law will apply.

Article 61. The State Council will draw up detailed regulations based on this law.

Article 62. This law becomes effective on 1 January 1993. At the same time, the State Council-promulgated "People's Republic of China Provisional Regulations on Tax Collection" becomes invalid.

***XINHUA Carries Amended Local Government Law**

95CM0202A Beijing XINHUA in Chinese 1642 GMT 28 Feb 95

["Organization Law for Local People's Congresses and Local Governments at All Levels (Amended Draft)"]

[FBIS Translated Text] (Passed by the First Session of the Fifth National People's Congress [NPC] on 1 July 1979, amended first by the "Resolution on Certain Provisions Amending the PRC Organization Law for Local People's Congresses and Local Governments at All Levels" of the Fifth Session of the Fifth NPC on 10 December 1982, then by the "Resolution on Amending the PRC Organization Law for Local People's Congresses and Local Governments at All Levels" of the 18th Session of the Sixth NPC Standing Committee on 2 December 1986, and finally by the "Resolution on Amending the PRC Organization Law for Local People's Congresses and Local Governments at All Levels" of the 12th Session of the Eighth NPC Standing Committee on 28 February 1995)

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PRC Organization Law for Local People's Congresses and Local Governments at All Levels

Section I. General Rules

Article 1. Provinces, autonomous regions, municipalities, autonomous prefectures, counties, autonomous counties, cities, municipal districts, townships, minority nationality townships, and towns will set up people's congresses and people's governments.

Article 2. Local people's congresses at all levels above the county will set up standing committees.

Article 3. Organs of self-government in autonomous regions, autonomous prefectures, and autonomous counties, in addition to exercising the functions and powers provided in this law, will also exercise autonomy within the jurisdiction provided by the Constitution, the Regional National Autonomy Law, and other laws.

Section II. Local People's Congresses at All Levels

Article 4. All local people's congresses at all levels are the organs of local government power.

Article 5. The people's congresses of provinces, autonomous regions, municipalities, autonomous prefectures, and established-zone cities will be elected by people's congresses at the next lower level; the people's congresses of counties, autonomous counties, nonestablished-zone cities, municipal districts, townships, minority nationality townships, and towns will be elected directly by their constituencies.

The delegate quotas and methods of producing delegates for local people's congresses at all levels are provided for in the Election Law. Minority nationalities in all administrative divisions should have suitable delegate quotas.

Article 6. Provincial, autonomous regional, municipal, autonomous prefectural, county, autonomous county, and municipal district people's congresses are elected for terms of five years. Township and minority nationality township people's congresses are elected for terms of three years.

Article 7. Provincial, autonomous regional, and municipal people's congresses, based on the particular conditions and real needs of their administrative divisions, and premised on conflicts in their various constitutions, laws, and administrative legislation, can draw up and

promulgate local legislation, to be reported for the record to the NPC Standing Committee and the State Council.

The people's congresses in cities in which provincial and autonomous regional people's governments are located and those in the larger cities with State Council approval, based on their particular municipal conditions and real needs, and premised on conflicts in their various constitutions, laws, administrative legislation, and provincial and autonomous regional local legislation, can draw up local legislation to go into effect after approval by the provincial and autonomous regional people's congress standing committees and to be reported for the record by the provincial and autonomous regional people's congress standing committees to the NPC Standing Committee and the State Council.

Article 8. Local people's congresses at all levels above the county will exercise the following functions and powers:

1. Within their administrative divisions, they will ensure that their constitutions, laws, administrative legislation, and resolutions of their superior people's congresses and their standing committees are complied with and carried out, as well as ensuring that state plans and state budgets are implemented.
2. They will examine and approve within their administrative divisions reports on their national economic and social development plans and budgets and their implementations.
3. They will discuss and decide on crucial matters within their administrative divisions such as politics, economics, education, science, culture, public health, environmental and resource protection, civil administration, and minority nationalities.
4. They will elect the component personnel of their people's congress standing committees.
5. They will elect provincial governors and vice governors, autonomous regional chairmen and vice chairmen, mayors and vice mayors, prefectural leaders and deputy leaders, county magistrates and deputy magistrates, and district leaders and deputy leaders.
6. They will elect people's court presidents and public prosecutor-generals; elected public prosecutor-generals must be reported to their superior prosecutor-generals for submission to their people's congress standing committees for approval.
7. They will elect delegates to their superior people's congresses.
8. They will hear and examine work reports from their people's congress standing committees.
9. They will hear and examine work reports from their people's governments, people's courts, and people's procuratorates.

10. They will change or revoke improper resolutions made by their people's congress standing committees.

11. They will revoke improper decisions and orders made by their people's governments.

12. They will protect socialist publicly owned property and the collectively owned property of the working public, protect the legitimately owned property of private citizens, maintain public order, and ensure citizens' personal rights, civil rights, and other rights.

13. They will protect the legitimate rights and interests of all economic organizations.

14. They will ensure the rights of minority nationalities.

15. They will ensure to women all rights provided by the Constitution and laws such as equality of the sexes, equal pay for equal work, and freedom of marriage.

Article 9. Township, minority nationality township, and town people's congresses will exercise the following functions and powers:

1. Within their administrative divisions, they will ensure that the constitutions, laws, administrative legislation, and resolutions made by their superior people's congresses and their standing committees are complied with and carried out.

2. They will approve and promulgate resolutions within the scope of their functions and powers.

3. Based on state plans, they will decide within their administrative divisions on construction plans for economic and cultural undertakings and public facilities.

4. They will examine and approve within their administrative divisions reports on fiscal budgets and budget implementation.

5. They will decide within their administrative divisions on implementation plans for civil administration.

6. They will elect their people's congress presidents and vice presidents.

7. They will elect their township leaders and deputy leaders and town leaders and deputy leaders.

8. They will hear and examine work reports by their township, minority nationality township, and town people's governments.

9. They will revoke improper decisions and orders by their township, minority nationality township, and town people's governments.

10. They will protect socialist publicly owned property and the collectively owned property of the working public, protect the legitimately owned property of private citizens, maintain public order, and ensure citizens' personal, civil, and other rights.

11. They will protect the legitimate rights and interests of all economic organizations.

12. They will safeguard minority nationality rights.

13. They will guarantee to women all rights granted by the Constitution and laws such as equality of the sexes, equal pay for equal work, and freedom of marriage.

Township, minority nationality township, and town people's congresses where minority nationalities are concentrated, while exercising their functions and powers, should take specific steps suited to minority nationality characteristics.

Article 10. Local people's congresses at all levels have the right to recall their people's government component personnel. Local people's congresses above the county level have the right to recall the component personnel of their people's congress standing committees, as well as the people's court presidents and public prosecutor-generals elected by them. Recalled public prosecutor-generals must be reported to the superior public prosecutor-generals for submission to their people's congress standing committees for approval.

Article 11. Local people's congresses at all levels will meet at least once a year.

By motion of over one-fifth of the delegates, interim sessions of people's congresses can be called.

Article 12. Sessions of local people's congresses at all levels above the county will be convened by their people's congress standing committees.

Article 13. Local people's congresses at all levels above the county will hold preparatory meetings for each session to elect that session's presidium and secretary general and approve decisions on that session's agenda and other preparatory matters.

Preparatory meetings will be chaired by their people's congress standing committees. The preparatory meeting for the first session of each people's congress will be chaired by the previous people's congress standing committee.

When local people's congresses at all levels above the county hold sessions, they will be chaired by their presidiums.

Sessions of local people's congresses at all levels above the county will install a number of deputy secretary generals, who will be elected by their presidiums.

Article 14. Township, minority nationality township, and town people's congresses will install chairmen, as well as possibly one or two vice chairmen. Chairmen and vice chairmen will be elected from their people's congress delegates, with their terms to be the same as each session of their people's congresses.

Township, minority nationality township, and town people's congress chairmen and vice chairmen may not hold

positions in state administrative organs; if they hold positions in state administrative organs, they must resign their positions as chairmen or vice chairmen of their people's congresses.

Township, minority nationality township, and town people's congress chairmen and vice chairmen, when their people's congresses are not in session, are responsible for keeping in touch with their people's congress delegates, organizing delegate activities, and reporting the suggestions, criticisms, and views of delegates and the public on their people's government work.

Article 15. When township, minority nationality township, and town people's congresses hold sessions, they will elect presidiums. Presidiums will preside over sessions, as well as be in charge of convening the next sessions of their people's congresses. Township, minority nationality township, and town people's congress chairmen and vice chairmen will be presidium members.

Article 16. The first session of each local people's congress at all levels, within two months after their people's congress delegates are elected, will be convened by their last session people's congress standing committee or their last township, minority nationality township, and town people's congress presidium.

Article 17. The constituent personnel of local people's governments at all levels above the county, as well as people's court presidents, public prosecutor-generals, and township people's government leaders, will attend their people's congress sessions as nonvoting delegates; officials of other concerned organs and groups above the county level, upon the decision of their people's congress standing committees, can attend their people's congress sessions as nonvoting delegates.

Article 18. When local people's congresses at all levels hold meetings, their presidiums standing committees, all special committees, and people's governments can make proposals to their people's congresses within the functions and powers of their people's congresses, with presidiums deciding whether to submit them to people's congress sessions for deliberation or to refer them to the pertinent special committees for examination, approval, and reporting, after which presidiums deliberate and decide whether to submit them to the congress for voting.

With joint sponsorship by more than 10 delegates to local people's congresses at all levels above the country, or with joint sponsorship by more than five delegates to township, minority nationality township, and town people's congresses, bills can be submitted to people's congresses within their functions and powers, with presidiums deciding whether to put them on congress agendas or to first refer them to the pertinent special committees for deliberation and presentation of views on whether to include them in congress agendas, after which presidiums decide whether to list them in congress agendas.

With regard to bills listed on congress agendas which the sponsors wish to withdraw before they are submitted to the congresses for a vote, congresses will halt deliberations on those bills with presidium approval.

Article 19. Suggestions, criticisms, and views submitted on all aspects of work by delegates to local people's congresses at all levels above the county to their people's congresses and their standing committees will be referred by their people's congress standing committee working bodies to the pertinent organs and organizations for study, handling, and responsibility for response.

Suggestions, criticisms, and views presented on all aspects of work by township, minority nationality township, and town people's congress delegates to their people's congresses will be referred by their people's congress presidiums to the pertinent organs and organizations for study, handling, and responsibility for response.

Article 20. Elections and passage of resolutions by local people's congresses at all levels must be approved by a majority of all delegates.

Article 21. As to elections of the constituent personnel of local people's congress standing committees at all levels above the county; township, minority nationality township, and town people's congress chairmen and vice chairmen, provincial governors and vice governors, autonomous regional chairmen and vice chairmen, mayors and vice mayors, prefectural leaders and deputy leaders, county magistrates and deputy magistrates, district leaders and deputy leaders, township leaders and deputy leaders, town leaders and deputy leaders, people's court presidents, and public prosecutor-generals, nominations will be made by their people's congress presidiums or jointly by their delegates as provided by this law.

With joint written sponsorship by over 30 delegates to provincial, autonomous regional, or municipal people's congresses, more than 20 delegates to established-zone city or autonomous prefecture people's congresses, and over 10 delegates to county people's congresses, candidates can be nominated for the constituent personnel of people's congress standing committees, people's government leaders, people's court presidents, and public prosecutor-generals. With joint written sponsorship by over 10 delegates to township, minority nationality township, or town people's congresses, candidates can be nominated for people's congress chairmen and vice chairmen and people's government leaders. Candidates for delegates in different constituencies or elected by electoral units can be deliberated on and jointly nominated.

The number of candidates nominated by presidiums, as well as the number of candidates jointly nominated by each delegate with other delegates, may not exceed the electable quotas.

Nominators should provide accurate briefs on the candidates they nominate.

Article 22. The number of candidates for people's congress standing committee chairmen and secretary generals, township, minority nationality township, and town people's congress chairmen, people's government regular leaders, people's court presidents, and public prosecutor-generals should be generally more than one, for election balance; when there is only one nominated candidate, elections can still be held. The number of candidates for people's congress standing committee vice chairmen, township, minority nationality township, and town people's congress vice chairmen, and people's government deputy leaders should exceed the electable numbers by one to three, with the number of candidates for people's congress standing committee members exceeding the electable numbers by one-tenth to one-fifth, and people's congresses setting specific quotas based on electable numbers in election regulations, for election balance. If the number of nominated candidates conforms to the quotas provided in election regulations, elections can be held once presidiums submit them to delegates for deliberation and discussion. If the number of nominated candidates exceeds the quotas provided in election regulations, preliminary elections can be held upon submission by presidiums to delegates for deliberation and discussion, with the order of votes received in preliminary elections and the quotas set in election regulations used to determine the official candidate lists for elections.

When local people's congresses at all levels above the county hold reelections for their state-organ leaders, the period of nomination of and deliberation on candidates must not be less than two days.

Comparison of Li Peng's Work Report OW1903175895

Beijing XINHUA in Chinese at 0730 GMT on 19 March carries the 16,341-character final, amended version of Li Peng's Government Work Report to the Third Session of the Eighth National People's Congress.

The XINHUA version has been compared to the version published in the 6 March China DAILY REPORT on pages 17-30 and was found to contain the following variations:

Page 17, column two, paragraph four, only sentence reads: ...on the report.

I. A Review of Work in 1994 Domestic Affairs

During the past... (supplying boldface instructions)

Page 17, column two, paragraph six, last sentence reads: ...with Chinese characteristics.

Decisive steps were made in our economic structural reform. In accordance with... (supplying boldface instructions, replacing exclamation mark with period, deleting editorial notation, changing "our economic system" to "our economic structural reform")

Page 17, column two, last paragraph continued onto page 18, fifth sentence reads: ...began to function normally. Income taxes paid... (adding word "normally")

Page 18, column one, paragraph one, first sentence reads: ... The national economy continued to develop rapidly. The gross domestic... (supplying boldface instructions)

Page 18, column one, first full paragraph, last sentence to paragraph two, first sentence reads: ...a rapid development. The industrial added...(merging paragraphs)

Page 18, column one, paragraph two, second sentence reads: ...electric power, steel, ethylene, automobiles, household electric... (adding word "ethylene")

Page 18, column one, paragraph two, ninth sentence reads: ...so did the Xiaolangdi key water control... (deleting parentheses)

Page 18, column one, paragraph two, sentence 10 reads: ...Daoteng River to Qindangchuan in Gansu Province... (changing "the Qin Basin" to "Qindangchuan")

Page 18, column two, paragraph one, last sentence: ...regulation and control.

Scientific, technological, educational, and other social undertakings developed in an all-around manner. Scientific and technological... (supplying boldface instructions)

Page 18, column two, paragraph two, fourth sentence reads: ...manufacturing systems, biological vaccines, medicines, and low-temperature thermonuclear reactors [di wen he gong re dui 0144 3306 2702 0180 3583 1018]. Various types of... (provides indistinct passage, supplying vernacular and STC's);

Page 18, column two, paragraph five graf one, last sentence to graf two, first sentence reads: ...trades, and professions.

People's living standards in both urban and rural areas further improved. The per-capita net... (supplying boldface instructions)

Page 19, column one, paragraph three, second sentence reads: ...vegetable basket project to varying degrees. Quite severe natural... (adding words "to varying degrees")

Page 19, column one, paragraph three, last sentence reads: ...of farm products. Third, investment in... (merging paragraphs)

Page 19, column one, paragraph four, last sentence reads: ...curbing inflation increased. Fourth, management of... (merging paragraphs)

Page 19, column one, last paragraph continues onto column two, last sentence reads: ...charges were widespread. Practice proves that... (merging paragraphs)

Page 19, column two, paragraph two, last sentence reads: ...production and operation. In addition, quite serious... (merging paragraphs)

Page 19, column two, paragraph four, first sentence reads: ...of, the government.

Fellow deputies, 1995... (deleting editorial notation)

Page 20, column one, paragraph two, first sentence reads: ...II. Promoting Sustained, Rapid, and Healthy National Development

In the 1995... (supplying boldface instructions)

Page 20, column one, paragraph two, from penultimate sentence to antepenultimate sentence reads: ...Five-Year Plan period.

We should maintain an appropriate economic growth rate. After a comprehensive... (creating new paragraph, supplying boldface instructions)

Page 20, column one, paragraph three, last sentence reads: ...to nine percent. The current international... (merging paragraphs)

Page 20, column one, paragraph four, sentence two reads: ...to achieve relatively rapid economic growth. Because... (changing word "high" to "rapid")

Page 20, column one, paragraph four, last sentence reads: ...in technological transformation. This year, new... (merging paragraphs)

Page 20, column one, paragraph five continuing into next column, last sentence, last sentence reads: ...support for agriculture. We also will... (deleting words "this year" and merging paragraphs)

Page 20, column two, paragraph two, fifth sentence reads: ...transform traditional industries. The development of general processing industries... (adding words "the development of")

Page 20, column two, paragraph three, seventh sentence reads: ...and increasing profits and actively push enterprises to solve the problem of mutually owed funds. Enterprises must gear... (rewording)

Page 20, column two, paragraph three, penultimate sentence reads: ...reduce stockpiles, or promote the sale of products whose supply... (changing words "stop manufacturing" to "promote the sale of")

Page 20, column two, paragraph three, first sentence reads: ...their market competitiveness.

It is necessary to resolutely control the margin of price rises./ This is the (supplying boldface instructions)

Page 20, column two, paragraph four, fourth sentence reads: ...goal, we must first vigorously develop agricultural production, increase effective supply, and, second, continue to control... (adding words "first" and "second");

Page 20, column two, paragraph four, antepenultimate sentence reads: ...financial principle of moderate retrenchment and keeping expenditures... (changing words "spending as little as possible" to "moderate retrenchment")

Page 20, column two, paragraph four, penultimate sentence reads: ...local level should maintain a balance... (deleting word "resolutely")

Page 20, column two, paragraph four, last sentence reads: ...of extrabudgetary funds. Third, it is... (merging paragraphs)

Page 21, column one, paragraph one, third sentence reads: ...building through thrift and hard work and oppose the... (adding words "hard work")

Page 21, column one, paragraph one, last sentence reads: ...to solve difficulties. Fourth, it is... (merging paragraphs)

Page 21, column one, paragraph three, last sentence reads: ...rises this year.

We should promote all-round rural economic development. Making great efforts... (supplying boldface instructions, rewording)

Page 21, column one, paragraph four, first sentence reads: ...national economic development and social stability. Governments at all... (adding words "and social stability")

Page 21, column one, paragraph four, second sentence reads: ...all levels must attach importance to agriculture, conscientiously strengthen leadership, and do everything... (rewording)

Page 21, column two, first full paragraph, fourth sentence reads: ...investments in agriculture, which may not be diverted to other uses. They must also... (supplying additional material)

Page 21, column two, same paragraph, next to last sentence reads: ...much as possible. Grain farmland may not be... (changing "good cultivated land" to "grain farmland")

Page 21, column two, paragraph two, first sentence reads: ...actively develop wasteland that is suitable for farming, improve medium- and low-yielding farmland, and develop appropriate-scale and intensive agricultural operations in regions with favorable conditions. Efforts should be made to improve labor productivity in agriculture and raise peasants' enthusiasm... (rewording)

Page 21, column two, paragraph two, last sentence reads: ...for grain growing. Fourth, it is... (merging paragraphs)

Page 21, column two, paragraph three, last sentence reads: ...disasters in agriculture. Fifth, it is... (merging paragraphs)

Page 21, column two, paragraph four, first sentence reads: ...grain supply and demand. The mayor's responsibility... (changing word "marketing" to "demand")

Page 21, column two, paragraph four, last sentence reads: ...per-unit yield, increasing reserves, regulating supply and... (changing word "equipment" to "reserves")

Page 21, column two, paragraph four, last sentence reads: ...and stabilizing prices. Sixth, it is... (merging paragraphs)

Page 22, column one, paragraph continued from previous page, penultimate sentence reads: ...tackling of major technological problems that hinder agricultural development should... (rewording)

Page 22, column one, first paragraph, last sentence reads: ...in technological popularization. Seventh, it is... (merging paragraphs)

Page 22, column one, first paragraph, only sentence reads: ...improve product quality, rectify order in... (supplying additional material)

Page 22, column one, paragraph one, only sentence reads: ...curb price rises. Eighth, it is... (merging paragraphs)

Page 22, column one, paragraph three, only sentence reads: ...is necessary to support the development of village and town... (rewording)

Page 22, column one, paragraph three, only sentence reads: ...of surplus labor. Ninth, it is... (merging paragraphs)

Page 22, column one, paragraph three, only sentence reads: ...people and livestock. Tenth, it is (merging paragraphs)

Page 22, column one, paragraph five, first sentence reads: ...Efforts should be made to continuously open wider to the outside world. We shall consolidate...all-directional opening-up;... (supplying boldface instructions, a period, and "We shall")

Page 22, column one, paragraph five, first sentence reads: ...of electromechanical products and complete sets... (eliminating a phrase)

Page 22, column two, paragraph one, last sentence reads: ...The state will give necessary support... (deleting words)

Page 22, column two, paragraph two, second sentence reads: ...China is willing and should become a founding member of the new World Trade Organization.

We should resolutely... (rephrasing sentence and deleting "ying dang cheng wei")

Page 22, column two, paragraph two, second sentence reads: ...World Trade Organization.

We should resolutely implement basic national policies on family planning and environmental protection. Our country's population... (supplying boldface instructions)

Page 22, column two, paragraph two, last sentence reads: ...the ecological environment.

Drawing up the Ninth Five-Year Plan and the long-range target for the year 2010... task this year. The Ninth Five-Year... (adding a phrase)

Page 22, column two, paragraph four, first sentence reads: ...task this year. The next 15 years, particularly the Ninth Five-Year Plan...up, and modernization. In drawing up... (adding a phrase)

Page 22, column two, paragraph four, second sentence reads: ...up, and modernization. In drawing up intermediate and long-range plans...giving prominence to the macro, strategic, and policy aspects of the plans, which, by and large, should be guidance plans. We should give... (rephrasing and adding words)

Page 23, column one, paragraph one, last sentence reads: ...the overall situation.

We should deepen economic restructuring with emphasis on state-owned enterprises. In this year's... (supplying boldface instructions)

Page 23, column one, paragraph two, second sentence reads: ...are the pillar of our national economy. Under the current... (deleting "main")

Page 23, column one, paragraph three, fourth sentence reads: ...and complex task. We must emancipate our minds, make bold explorations...in this respect. [new graf]

In reform of (adding words)

Page 23, column two, continued from last paragraph from column one, penultimate sentence reads: ...in some enterprises.

The State Council and the governments of provinces (autonomous regions and municipalities directly under the central government)... (beginning a new graf and adding words)

Page 23, column two, paragraph one, sixth sentence reads: ...auctioning themselves out.

While proceeding with... (starting new paragraph)

Page 23, column two, paragraph one, seventh sentence reads: ...large enterprise groups. We should support enterprises to eliminate the relationship of being subordinate to administrative institutions and to form themselves... (correcting sentence)

Page 23, column two, paragraph one, sentence thirteen reads: ...surplus personnel of enterprises, the governments,... (deleting a word)

Page 23, column two, paragraph two, second sentence reads: ...good leading body, give play to the role of workers and staff members as masters of their country, place importance on... (adding a clause)

Page 24, column one, paragraph continued from previous page, fourth sentence reads: ...place importance on training the ranks of workers and staff members, strictly manage their... (rewording a clause)

Page 24, column one, paragraph continued from previous page, fourth sentence reads: ...of fund utilization.

We will continue to reform the social security system, which mainly consists of endowment and unemployment insurance. The overall program... (supplying boldface instructions)

Page 24, column one, paragraph two, third sentence reads: ...foreign-invested enterprises, as well as individuals engaged in industry and commerce, should all be... (adding words)

Page 24, column one, paragraph three, first sentence reads: ...We should consolidate and improve the already-promulgated measures for reforming the macrocontrol system. In the reform... (supplying boldface instructions)

Page 24, column two, paragraph three, third sentence reads: ...at all levels. While vigorously promoting the development of state-owned and collectively owned enterprises, we should encourage the development of privately run enterprises, either by Chinese or foreign individuals, and strengthen management over them according to law. We should also... (adding sentence)

Page 24, column two, paragraph four, last sentence reads: ...push reform forward.

Fourth, we should develop scientific, technological, educational, cultural, public health, and sports undertakings

The development of... (supplying boldface instructions and starting a new paragraph)

Page 25, column one, paragraph one, first sentence reads: ...We must promote the transformation of scientific and technological achievements into actual productive forces and bring into full play the role of science and technology in social and economic development. We must uphold... (supplying boldface instructions)

Page 25, column one, paragraph two, fourth sentence reads: ...attach importance to solving problems of basic theories and... (adding words)

Page 25, column one, paragraph two, sentence seven reads: ...and middle-aged scientists and technological backbones to... (adding word)

Page 25, column one, paragraph two, last sentence reads: ...and technological work.

We must deepen educational reform and accelerate educational development. We must earnestly... (supplying boldface instructions)

Page 26, column two, paragraph continues from previous column, last sentence reads: ...competitive sports standards.

Fellow deputies: During the course of reform, opening up, and modernization in our country, we must steadfastly uphold the principle of carrying out two tasks simultaneously and paying equal attention to both, and strengthen the building of the spiritual civilization. This is an... (supplying boldface instructions)

Page 26, column two, paragraph two, first sentence reads: ...carry out the "outline on conducting education in patriotism," and thoroughly conduct education in patriotism, collectivism, and... (providing quotation marks and rewording "strengthen education" to "thoroughly conduct education")

Page 26, column two, paragraph two, second sentence reads: ...and localities: Comrade Zhang Mingqi, a good cadre... (deleting parentheses)

Page 26, column two, paragraph two, same sentence reads: ...the frontline; Comrade Bao Qifan, an engineer who... (deleting parentheses)

Page 26, column two, paragraph, same sentence reads: ...a renowned good "army soldier's wife"; Comrade Li Shuangliang, a veteran worker who is praised... (providing quotation marks; deleting parentheses; and changing "workers" to "worker")

Page 26, column two, paragraph two, same sentence reads: ...contemporary time; Comrade Zhao Xuefang, a good doctor... (deleting parentheses)

Page 26, column two, paragraph two, same sentence reads: ...the people; Comrade Wang Siming, an outstanding teacher... (changing "Shiming" to "Siming" and deleting parentheses)

Page 26, column two, paragraph two, same sentence reads: ...of education; Comrade Peng Baolin, a people's policeman... (changing "Teng" to "Peng" and deleting parentheses)

Page 26, column two, paragraph two, same sentence reads: ...criminal; and Comrade Zeng Jiao, a model in... (deleting parentheses)

Page 26, column two, paragraph three, third sentence reads: ...meeting to commend national model workers and advanced workers this year. We... (changing "advanced units and heroes and models" to "national model workers and advanced workers")

Page 26, column two, paragraph three, sentence three reads: ...lifestyle; advocate a healthy and civilized lifestyle; and cultivate a... (rewording)

Page 26, column two, last paragraph, last sentence reads: ...mood of society.

Fifth, we should create a favorable social environment for reform and development.

A stable social... (supplying boldface instructions)

Page 27, column one, paragraph one, sentence two read: ...in this field.

We must attach a high degree of importance to the construction of socialist democracy and legal system.

We must continue to open up and clear various channels to ensure the democratic rights of the masses of people. Governments at all levels must earnestly accept... (reorganizing sentences; supplying boldface instructions; and reorganizing sentences again)

Page 27, column one, from paragraph three, last sentence to paragraph four, first sentence reads: ...awareness of laws.

We should continue to pay close attention to taking comprehensive measures for improving all facets of public order. This year, we... (supplying boldface instructions)

Page 27, column two, paragraph continues from previous column, fifth sentence reads: ...vices as prostitution, visiting prostitutes, and gambling.

Third, we should... (supplying additional word "gambling")

Page 27, column two, paragraph one, sentence four reads: ...China's fine traditions in maintaining order, rely on masses at the grassroots level, pay attention to crime prevention, combine specialized departments... (changing wording and adding two clauses)

Page 27, column two, paragraph one sentence six reads: ...functions and responsibilities.

A fairly large... (starting new paragraph)

Page 27, column two, paragraph one, last sentence reads: ...of similar accidents, and should deal strictly with those who are responsible for accidents.

We should build... (noting addition of a clause)

Page 27, column two, paragraph two, first sentence reads: ...of similar accidents.

We should build a hard-working and honest government in a deep-going and sustained manner. Being impartial and... (supplying boldface instructions)

Page 28, column one, paragraph one, last sentence reads: ...must be safeguarded.

The modernization of national defense must be intensified. Governments at all... (supplying boldface instructions)

Page 29, column one, paragraph one, last sentence reads: ... (by ethnic minorities).

Sixth. Actively promote the great undertaking of the motherland's peaceful reunification

Fellow deputies! The... (supplying boldface instructions)

Page 29, column one, paragraph two, sentence four reads: ...in Hong Kong. In the past... (deleting the word "applause")

Page 29, column one, paragraph four, second sentence reads: ...home and abroad. We hope the... (deleting the word "applause")

Page 29, column two, paragraph one, only sentence reads: ...peaceful reunification. [applause]

Seventh. On diplomacy

The world is... (supplying boldface instructions)

Page 30, column one, paragraph one, last sentence reads: ... (to be repeated).

Our nation will... (deleting the word "applause")

Page 30, column two, paragraph one, last sentence reads: ...tasks this year... (deleting the word "applause")

General

Li Tieying: Public Ownership To Remain Mainstay

OW1004154795 Beijing XINHUA in English 1529
GMT 10 Apr 95

[FBIS Transcribed Text] Beijing, April 10 (XINHUA)—China's socialist market economy has public ownership as its mainstay and the objective is prosperity for all, Minister of the State Commission for Restructuring the Economy Li Tieying, said today.

Li, who is also a State Councillor, said at the "1995 China Summit" that China's decision to introduce a market economy is "not because of external pressure or some doctrinal rationale, but its recognition of the drawbacks in the traditional planning system and its internal need for speeding up its economic development."

In a speech entitled "Economic Prosperity of China and the World," Li said that China's market economy shares features with market economies of other countries but has its own characteristics as well.

"In the equal status of markets, protection of property ownership, freedom of contract negotiation, right to fair competition, state intervention, protection of the less fortunate, social justice, and fairness, China's socialist market economy has points in common with other market economies," he explained.

However, he said that due to sharp economic, historical, and cultural differences, countries practicing the market economy face different problems, and because of different characteristics, each particular market has its own unique features.

He stressed the point that it is not realistic or respectful for one country to judge another's situation, or to suggest rigid conformity to existing models of other countries, without first looking at the specific characteristics of that country.

"This does not help countries learn from each other or contribute to mutual development," he added.

He said that the Chinese people have long been known for their studiousness and have been absorbing ideas and learning from the success of other countries, in relation to its own conditions.

He hinted that China will not, and cannot, mechanically copy the specific economic development models and economic systems of other countries.

The State Councillor said that China has done well in dealing with the interactions of reforms, development, and stability, and has succeeded in maintaining a sustained and fast economic growth rate as well as social stability.

He said that the facts have shown that China's gradual reforms have been successful and have won the support of its citizens, adding that China will continue to march forward on this road.

Li Tieying on Passage of Securities Law by Year-End

OW1104104895 Beijing XINHUA in English 0944
GMT 11 Apr 95

[FBIS Transcribed Text] Beijing, April 11 (XINHUA)—China's long-awaited Securities Law is expected to be passed within the year, according to today's "CHINA SECURITIES" newspaper.

The newspaper quoted Li Tieying, a State Councillor and minister of the State Commission for Restructuring the Economy, as saying that he is optimistic about the Securities Law being passed this year.

Li, who was addressing the "1995 China Summit" Monday, also said that China will have a complete set of commercial laws by the end of this year, as the Company Law has already been adopted and the Insurance Law, the Commercial Instruments Law and the Securities Law have good prospects of being passed before the year winds up.

China's two stock exchanges, in Shanghai and Shenzhen, were launched in 1990 and 1991, respectively.

Experts maintain that it is better for China to promulgate a national securities law sooner rather than later, noting that the lack of such a law has resulted in market irregularities over the years.

Official Warns of Effects of Industrial Inefficiency

HK1004122695 Hong Kong AFP in English 1000 GMT
10 Apr 95

[FBIS Transcribed Text] Beijing, April 10 (AFP)—Industrial inefficiency is draining China's energy resources and seriously threatening the sustainability of economic growth, vice minister of the State Planning Commission Ye Qing warned Monday.

While lauding the pace of economic expansion, Ye said an overemphasis on increasing output and building new projects had resulted in an irrational industrial structure, a lack of progress in technological and managerial expertise, high production costs and low efficiency.

Ye pointed out that energy consumption per unit of gross national product in China was twice that of the United States and more than six times the level of Japan.

At the same time, China's energy utilization rate is running at 30 percent, well below the 50 percent level of most developed economies, he said in a speech to the 1995 China Summit, which opened here Monday.

"This situation has not only placed great pressure upon transportation, energy sources and the environment, but

has also become one of the main reasons for inflation, as investment cannot swiftly turn into effective supply," Ye said.

If the country continued to follow a model of extensive rather than intensive industrial development, Ye warned that cyclical inflation would be unavoidable and sustainable economic growth "impossible."

"We must follow a sustainable development strategy and bring about a fundamental change in the mode of economic growth," he added.

Priorities include upgrading transport and telecommunications networks, while upgrading technology both domestically and through foreign imports.

"We shall also accelerate offshore and onshore oil exploration and increase construction of power and coal projects, with nuclear plants a priority," Ye said.

China's power industry, which is currently capable of generating 190 million kilowatts, plans to increase capacity to 300 million kilowatts by 2000. Chinese officials say some 25 billion dollars of overseas investment will be needed to reach that target.

A U.S. delegation led by Secretary of Energy Hazel O'Leary signed agreements and letters of intent worth six billion dollars here in February.

Official Views Progress of Economic Reform

HK1104044695 Beijing CHINA DAILY in English
11 Apr 95 p 4

[By Gao Shangquan, deputy director of the Chinese Research Society for Restructuring the Economy: "Economic Changes Know No Boundaries"]

[FBIS Transcribed Text] The previous 15 years of reforms have witnessed unprecedented growth in China's economy and national power with its gross national products (GNP) growing at an annual rate of 9.3 per cent.

The high growth rate turns China into the fastest growing country in the Asia-Pacific region and the world.

In this decade the country is in a transition from a rigid planning system to a market economy.

Market orientation is cropping up in almost every corner of the economy. There's plenty of divisiveness in private ownership replacing the monopoly of public ownership. The rapidly expanding nonstate sector has become an appreciable engine driving China's economic development and fashioning its market system.

Reforms expedite the integration of China's economy into the world market.

The pattern of world economic development today has undergone a fundamental change, characterized by

regional grouping. In the past, a country or region used to succeed in cutting a share of the international market on their own.

The formation of the European Union and the North American Free Trade Area (NAFTA), however, has clearly shown that regional grouping is becoming increasingly common.

To better respond to the new changes of world economic development and cut a larger share in the international market Asian-Pacific countries should enhance their inter-regional cooperation in economy and trade and present their advantages through regional grouping.

Since the beginning of the 1990's, the influx of international capital has fuelled the momentum of economic growth in the Asia-Pacific region.

Further, the coastal areas in South and East China and Hong Kong have combined to form the centre of the Asia-Pacific region.

The engine of economic growth in the Asia-Pacific region is China, especially the Guangdong-Hong Kong economic zone comprised of South China and Hong Kong.

About 3 million Chinese workers are employed by Hong Kong businessmen in the economic zone, producing export-oriented products. The number of workers in the manufacturing industry exceeds native Hong Kong workers and accounts for more than half of Hong Kong's population.

South China has become the manufacturing base for Hong Kong. A mutually complementary relationship has taken shape—Hong Kong serves as the sales portal while South China as its backyard factory.

Adjacent to Hong Kong, South China, which has a population of 100 million, develops its economy at an astonishing rate at over 30 percent a year.

With an increasing diversity of political and economic patterns in the world, peace, development and reform remain the theme of our times in the final years of the decade.

As political and military confrontations gradually give way to economic competition, then reform, economic development, and integration into the world economy become the inevitable option of all developing countries.

Over the past 15 years, China has gradually introduced reforms and opened up to the outside world. With a fast growing economy and a huge market (a population of 1.2 billion), China is attracting more and more foreign investors.

Meanwhile, China's economic reform, aimed at a new socialist market economy, has received positive appraisal outside the country.

It should be noted that not only has the rapid growth of China's economy paved the way for a market system but facilitated the integration of the country into the world economy.

China's economic development will inevitably impact the growth of the world economy.

Weaponry Industry Turns to Auto-Making

OW1104082295 Beijing XINHUA in English 0718 GMT 11 Apr 95

[FBIS Transcribed Text] Beijing, April 11 (XINHUA)—Auto-making has become a major contributor of output and profits for China's weaponry industry, it is learned here.

China National Ordnance Industry Corporation now has nearly 120 auto makers all over China accounting for some 60 percent of output value and 90 percent of profits of the whole weaponry sector, latest statistics show.

Many of their products, including heavy and light-duty vehicles, minibuses, motorcycles, limousines, and cars, have become brand-names enjoying huge market share.

Over the past five years, the corporation has spent 55 percent of its funds of technical renovation for the auto industry and been engaged actively in soliciting foreign funds and technology for upgrading the sector.

Economist Denies Opposition to Li Peng's Report

HK1104080795 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1113 GMT 27 Mar 95

[FBIS Translated Text] Hong Kong 27 Mar (ZHONGGUO TONGXUN SHE)—Professor Xiao Zhuji [5618 3504 1015], a Beijing University economist, told a ZTS [ZHONGGUO TONGXUN SHE] reporter here today that a Taiwan weekly's report on so-called "Beijing Economic Circles Opposing Li Peng's Government Work Report" does not conform with the facts.

The report carried in this Taiwan-based weekly published on Sunday says that during the two conferences, economist Xiao Zhuoji called a meeting in Beijing of some 30 economists, at which the participants unanimously put forward a view diametrically opposed to Li Peng's "Government Work Report," holding that it is imperative to replace the macroeconomic line, which is "on the tight side" [pian jin 0252 4868], with "development is the last word" [fa zhan shi ying dao li 4099 1455 2508 4289 6670 3810].

Professor Xiao said that the report in question did not hold water. First, during the time of the two conferences, he was visiting Taiwan and Hong Kong; second, he had never called any meetings for economists before or after the two conferences, as stated in the report; and third, to his knowledge, economists in Beijing supported the "Government Work Report," which analyzed the current economic situation in China and put forward the goals for

economic work in 1995. The truth-seeking spirit embodied in the report won the approval of economists.

Professor Xiao said that neither the basic facts nor the essence of the report in question confirmed to the facts.

Scholar on China's Domestic Situation

HK1104064895 Hong Kong TA KUNG PAO in Chinese 10 Apr 95 p a2

["Special Article" by Meng Ping (1322 1627): "Years of Perfecting the System in China"]

[FBIS Translated Text] Dr. Hu Angang, a young scholar, wrote a number of books on China's economic issues, and he is quite well-known to people inside and outside China. He holds a "prudent optimistic" attitude toward China's future economic situation on the following grounds: China's policy of reform and opening is deeply popular with the general public, and the period of reform and opening is a period enjoying relatively prolonged stability and rapid development in China's history, in which ordinary people can gain the most benefit. The historical trend cannot be changed by anyone. Moreover, not only the Chinese do not want turmoil, but all statesmen with insight in the world do not want to see trouble in China.

He stressed: The present situation is quite different from that when Mao Zedong died. First, China's strength has been substantially increased after reform and opening. Second, China has set up its third-generation leading body, and China's social changes are no longer something that can be determined by any individual. Third, China has established extensive economic ties with various countries, and such ties cannot be cut by any individual factors. As Mao Zedong said, the earth will continue to rotate no matter who passes away.

Dr. Hu quoted Deng Xiaoping's remarks in June 1989 by saying that "many countries in the world base their China policies on whether I have fallen ill or have died. I have noticed this over many years."

"It is unhealthy and very dangerous if a nation's destiny is tied to the reputation of one or two persons." Hu holds that the challenge China is facing is not in the aspect of "personnel" but in the aspect of "systems." If China relies on strengthening the building of various systems, it will be able to effect a smooth transition. The challenge in the aspect of "systems" mainly comes from the following points:

The Challenge of "Systems"

First, the relationship between the central authorities and the local authorities. This particularly finds expression in the declining ability of the state to gather financial resources and to exercise macroeconomic control. Local authorities are now financially stronger than the central authorities.

Second, the relationship between developed areas and underdeveloped areas. China is one of the countries in the

world with the greatest natural, geographical, demographic and socioeconomic variations inside the country. After the beginning of reform and opening, the absolute differences of per capita GDP between various areas were getting wider while the relative differences were getting narrower. At the provincial level, the highest is seven to eight times as large as the lowest; and at the county level, the gap is as wide as 86 times. Even according to the international standard, the relative gap in our country is still too wide, and the problem must be solved.

Third, the relationship between the government and the people. The phenomena of corruption now continue to exist. According to the data announced by the Central Discipline Inspection Commission, between September and December 1993, the number of major corruption and bribery cases handled by the judicial organs in China multiplied 2.1 times that in the previous year. In particular, the number of major cases involving officials at the county level multiplied 8.8 times; and the number of major cases involving officials at the provincial department level multiplied 11 times; while the growth rate of GNP that year was just 13 to 14 percent. This showed that corruption has threatened the legitimacy of the government and has affected social stability. The bureaucratic institutions set up in the period of planned economy were to be reduced; instead, they continued to swell. This wasted the state's financial resources, as the administrative expenditure increased at a rate higher than the growth rate of GNP. In the course of power devolution, a batch of bureaucrats in China have become the new rich people. Interest groups of various sizes have emerged, and they have become the biggest obstacle to fair competition and market-oriented reform.

At the same time, the declining financial capacity of the central government led to the business activities of the armed forces. While the proportion of the central government's financial expenditure in the GNP declines by every one percentage point, the proportion of the nominal defense expenditure in the GNP will decline by 0.438 percentage point. As the troops are engaged in commercial and industrial activities in order to make up for the insufficiency of military expenses, this will also give rise to the corruption phenomena.

Fourth, the relationship between economic growth and economic stability. China entered the stage of economic take-off in the 1980's, but it did not prevent itself from undergoing violent ups and downs. After the beginning of reform and opening, China underwent four ups and three downs and is now undergoing the fourth down. Inflation also underwent three ups and three downs, and is now undergoing the fourth up. The rate of inflation has risen to a record high since the beginning of the reforms. This is the biggest factor concerning instability.

Raising the Financial Capacity of the Central Government

Who is to meet the challenge? Hu Angang proposed that the following measures be adopted: Regularize and unify the current tax division system for the central government and the local governments in order to raise the

financial capacity of the central government; adopt a system on distributing investment in key public works in order to improve the relationship between developed and underdeveloped areas; adopt measures for activating the market, such as decontrolling interest rates, stopping the issuance of import and export licenses, and lowering tariffs; set up the system of supervision over officials in order to break the monopoly, to restrain the interest groups, and to regularize their commercial and political behavior; streamline government institutions, improve the relationship between the government and the people, and establish a contracted relationship between the government and the people. Government officials should not be patriarchs of the people; instead, it is the people who support the government. The personal assets of leaders should be made public, and the banks should supervise the expenditure of leaders. There should be a report system on major affairs so that the country is governed according to the laws. Military expenses should be increased substantially. The armed forces should not rely on the reputation of a certain person, and should be loyal to the state.

Hu Angang said: China's economic development relies on the country's human and natural resources, capital, and technological progress. In the long run, the individual factor will not be a decisive factor. There are periodical fluctuations in China's economy, because some noneconomic factors are acting in the economic system. It is necessary to adopt some urgent measures to limit the scope of their influence to the minimum. Such measures include increasing the macroeconomic control capacity of the central authorities, stabilizing the economy, curbing inflation, strengthening the monetary institutions, and more effectively managing the market for production factors. He stressed: Stability is a matter of top importance, and the key to stability lies in economic stability, and the key to economic stability lies in curbing inflation. As long as necessary measures are adopted, the defects of the existing systems can be overcome.

Perfecting Systems, Effecting Rule by Law

"If some Westerners believe that the Deng Xiaoping era is the era of a political strongman, then the future will be a period of system innovation," Hu Angang said, and will be an era marked by the improvement of the state system, the process of effecting rule by law, and prolonged peace and stability. In that era, China will become a region with the strongest economic dynamism, the biggest market, and the highest economic efficiency, and will produce an unmeasured impact on the economic prosperity of the Hong Kong and Macao areas and on the development of the world economy.

Finance & Banking

Shanghai Stocks Lose 4 Percent on Chen Yun's Death

HK1104100995 Hong Kong AFP in English 0941 GMT
11 Apr 95

[FBIS Transcribed Text] Shanghai, April 11 (AFP)—Shanghai shares shed four percent Tuesday in a late reaction to news of the death of Chen Yun, a conservative economist and one of communist China's founding leaders, brokers said.

The Shanghai Stock Exchange composite index closed at 641.07 points, down 26.32 points from 667.39 points Monday, continuing a slide from a lower opening at 661 points.

Turnover rose to 364.37 million units valued at 1.86 billion yuan (221 million dollars) from 284.72 million units worth 1.48 billion units.

Brokers said the decline was initially brought on by the announcement that the central bank would pay a higher anti-inflation subsidy interest rate of 12.27 percent for May.

The market treated news of Chen Yun's death as another rumour because there was no official confirmation, but as the reports firmed investors grew jittery, brokers said.

"Chen Yun is a national leader. His death is expected to bring some changes in the power structure so investors decided to play smart and get out of the stock market," said Gao Qi, an analyst with Shanghai Shenyin Securities Co.

Xu Zhilin, a analyst with Shanghai Guotai Securities Co., said while investors were worried about the political position after Chen's death, it should not have adverse impact because he was not a frontline leader.

Brokers said there could be more reaction to Chen's death later as investors began to speculate about the impending demise of other ageing leaders, in particular Deng Xiaoping.

Rumours of Deng's poor health frequently hit the market and share prices had fluctuated wildly.

Brokers said the index's decline was also caused by investors cashing in on existing stock holdings to play on Yizheng Chemical Fibre Co., which made its debut on the stock market Tuesday.

"Investors were furiously stirring Yizheng shares," a broker said, referring to the practice of pushing up stock prices in order to take profits later.

The Hong Kong-listed mainland company listed 200 million so-called "A" shares priced at 2.68 yuan for local investors.

The issue opened at 2.68 yuan and closed at 3.42 yuan for a gain of 28 percent and accounted for 21 percent of market turnover in terms of value.

State Experiments With Computerized Tax System

HK1004062495 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 9-15 Apr 95 p 2

[By Tong Ting: "State To Experiment With Computerized Tax System"]

[FBIS Transcribed Text] China is revving up efforts to set up a systematic taxation system, a tax official said.

"By 2000, China wants to establish an advanced-technology-based taxation system with collection, management and scrutiny co-ordinating with each other, and with tax registrations, agents and examinations supervised and interacting reciprocally," said Zhao Jiahua.

He is deputy director of the Tax Administration and Collection Department under the State Administration of Taxation.

He said this reform is in accord with international practices and China's market-economy growth.

The new system will separate tax work into three parts: collection, management and examination.

The collection department only collects taxes. The management department is in charge of tax registration, invoices, formalities checks, tax reduction or remitting and tax consultancy. The examination department is responsible for investigating tax evasion.

"This system will force taxpayers to take the initiative to turn in taxes," he said.

Meanwhile, to improve the past method of collecting by hand, China is promoting the use of computers in all links in taxation, Zhao said.

He said tax institutions are expected to set up internal computer networks and link them with banks, industrial and commercial administration departments and large enterprises to eliminate tax evasion.

The State Administration of Taxation is experimenting this year with computer links in Beijing's Haidian District; Shenyang, Liaoning Province; Xiaoshan, Zhejiang Province, and Wuxi, Jiangsu Province.

He said next year the experiments will extend to 18 cities. China is expected to set up a nationwide computer network by 2000.

He also said some departments are working on lifelong code numbers for registration and declaration for taxpayers to fuel the use of computers.

China will enhance the tax-agent system by training and certifying tax agents, the intermediaries entrusted by

taxpayers to conduct tax registration, turn in taxes and draft tax documents for them, Zhao said.

He said all provinces are studying and testing a tax agent system now.

Zhao said the reforms are a result of increased and diversified taxpayers and tax varieties. The past method of one tax collector in charge of all things seems impractical.

Present taxpayers are State-owned, collectively owned, privately owned and foreign-funded enterprises.

Tax varieties have developed from the original four to more than 20 today.

Before the 1980s, tax collection was managed by special tax collectors, each of whom took charge of three to five enterprises and about 10 individual retailers. They did anything from gathering, cutting or exempting taxes to handling tax violators like "babysitters."

*Foreign Exchange Official Forecasts 1995 Trends

95CE0322A Beijing NONGMIN RIBAO in Chinese
14 Feb 95 p 2

[Article by Guo Hui (0948 0565): "Forecast of This Year's Trends in Foreign Exchange Supply and Demand, Yuan Exchange Rate"]

[FBIS Translated Text] What will be the supply and demand situation in China's foreign exchange in 1995? Where is the yuan going? These are two questions about which people show a fair amount of concern. An expert of the State Administration of Exchange Control thinks that in 1995:

1. The stable monetary policy will continue. At the beginning of 1994, the state proposed an economic "soft-landing" goal for controlling the growth of the GNP and the inflation rate within 9 and 10 percent respectively, but the GNP growth is still at the double-digit level, and the level of domestic price rises has remained high; high inflation has become a main problem perplexing the development of China's economy. At the same time, we also see that financial macroeconomic regulation and control have not hampered economic development and that the two are not mutually exclusive. Therefore, in 1995 the results of the previous year's financial macroeconomic regulation and control will be further consolidated, and an anti-inflation campaign will become a major task in the economic and financial work in 1995. Therefore, in 1995 there will not be a major change in China's monetary policy, the yuan credit range will still tend to be tight, and the interest rate will still tend to be high. All of this will continue to be advantageous for restraining the overheating of demand for foreign exchange.

2. The situation with respect to the inflow of international capital looks good. China has now become a

hotpoint for the inflow of international capital, its strategic position for international investment will be maintained in 1995. In 1995, China's key point for attracting foreign capital will be basic industries, as well as the transformation of state-run enterprises, and both need a large amount of funds from abroad. The large inflow of international capital will strongly support the supply of foreign exchange within China.

3. The expansion of exports still faces many turning points. In recent years, China has made large-scale investments in basic facilities and basic industries. In communication, transportation, energy, raw materials, posts and telecommunications, signal communications, and other "bottleneck" industries, there has been a big increase in the supply capacity. This will be advantageous for improving the export competitiveness of domestic industries. There are a little more than 200,000 enterprises in China in which foreign businesses have invested, and in 1995 even more enterprises will achieve the ability to earn foreign exchange. In 1995, the West's economy will continue to pick up, and in addition the economy of the developing countries will continue to grow at a high speed, thereby spurring the fast growth of the global economy and expansion of the demand for imports. At the end of 1994, although China could not yet complete the talks on "returning to GATT," before 1 July 1995 there will still be an opportunity for "returning to GATT." Therefore, in 1995 China will still have the possibility of becoming a founding member of the World Trade Organization, and this will promote the growth of China's exports.

However, we cannot overlook some negative effects. The high inflation in 1994 was cost-driven, and it caused a sharp rise in the cost of export conversion. In part it offset the advantages deriving from the depreciation of the exchange rate and adversely affected the after-effect of the growth in exports. In China's investment in fixed assets, under the effect of the inertia in expansion, there has formed a momentum for high-speed growth, which will hit the control by currency authorities of the scale of investment in fixed assets, increase the amount of currency put into circulation, and expand import demand. And the Western economy continues to pick up, its demand is expanding, and the interest rate level is rising—all of which will also increase China's difficulty and cost of foreign capital importation. Since the beginning of the nineties, China has entered the peak period of repaying foreign debts; repayment of principal and payment of interest on foreign debts has become, in the past several years, a main item in the outflow of Chinese capital. This will also reduce the supply of foreign exchange in capital items.

Summing up what has been said, if there are no major policy changes, in 1995 China's foreign trade revenue and expenditure will still be in basic balance; capital items will continue to maintain a net inflow; and in foreign exchange, supply will exceed demand. However, in foreign exchange, the amount that supply exceeds demand could decrease.

With regard to the yuan exchange rate, high inflation, by pushing up the cost of exchange, adversely affects foreign exchange revenue and expenditure activity, and creates latent pressure on its stability; at present, the rising momentum of the yuan exchange rate has already slowed. However, the yuan's value abroad has recently taken on a strong momentum of not being devalued but on the contrary rising, which has also greatly enhanced public trust in the yuan, strengthened the people's trust in this currency, and, in the foreign exchange aspect, laid a good foundation for bringing inflation under control. Also, the pick up in the yuan exchange rate is advantageous for lowering import costs, which will help stabilize domestic prices. In 1995 bringing inflation under control will enter the "assault" stage, which conversely will create advantageous conditions for maintaining the basic stability of the yuan exchange rate.

At present, the ability of the central banks to regulate and control the economy is clearly being strengthened. Following the establishment by banks of foreign exchange markets, the central banks set the operational tasks for open foreign exchange markets, and thus made use of the capacity to operate the two levers of foreign currency to regulate and control the economy. Since July 1993, when the central banks began to try a balancing operation on the foreign exchange markets, they have used monetary policy to regulate and control the supply of and demand for foreign exchange, and in this have accumulated fairly advanced experiences. Also, in 1994, there was a fairly sizable growth in the state's foreign exchange reserves, which also enhanced the central banks' ability to make use of the supply and demand of foreign exchange, so there will not be large fluctuations in the yuan exchange rate.

Foreign Trade & Investment

Li Tieying Views Merging With World Economy
HK1104044495 Beijing CHINA DAILY in English
11 Apr 95 p 1

[By Sun Shangwu: "Economic Gap is Closing"]

[FBIS Transcribed Text] The Chinese Government is adopting international practices as a way of merging China into the world economy, a senior official said yesterday in Beijing.

China has joined more than 100 international economic and trade conventions, including the UN Convention on Contract for the International Sales of Goods and the Universal Copyright Convention.

It has also signed economic and trade agreements with more than 100 countries, State Councillor Li Tieying yesterday told the opening session of the threeday 1995 China Summit.

"China has adopted a legal system dealing with foreign-related economic issues and the system is tailored to international practices," he said.

It has drawn up a law on overseas investment, which clearly defines the organizational forms of foreign-funded projects, their preferential treatment, legal protection, independence of management, and settlement of disputes.

It has also issued laws on foreign trade, foreign contracts, and protection of intellectual property rights.

All these have helped to close the gap between the Chinese economy and world economy, he said.

China's imports and exports totalled \$240 billion in 1994, accounting for some 45 percent of its GNP. It ranks second in the world in foreign investment, having absorbed \$45.8 billion in overseas funds.

A comprehensive legal system is being set up to create a more favourable climate for developing the market economy.

China has promulgated the Company Law and the Maritime Law and is working on laws on insurance, invoices, securities, and commerce, said Li, who is also Minister of the State Commission for Restructuring the Economic Systems (SCRES).

The Anti-Unfair Competition Law, the Consumers' Rights Protection Law, the Product Quality Law, and the Advertisement Law also have improved the country's economic legal structure.

Some deficit-ridden firms will be declared bankrupt this year but are to make rehabilitation of workers a priority, Li said.

He said unemployment will be limited to 3 percent and will not surpass 5.1 million workers.

Although many workers do not have enough to do in their firms, Li said, the government will not push too many of them onto society by laying them off.

Rather, he said, firms will be encouraged to find ways to reemploy them, such as developing service trade.

Richard McClean, chief executive and publisher of the International Herald Tribune, which co-organized the summit with the SCRES, said that he hoped the meeting would bring together international leaders of industry, commerce, politics, and public affairs to exchange ideas and open opportunities for trade and development.

Wu Yi Says State Ready To Shoulder WTO Obligations

HK1104051095 Beijing CHINA DAILY in English
11 Apr 95 p 5

[By Wang Yong: "Wu Yi Says State Ready for WTO Obligations"]

[FBIS Transcribed Excerpt] Chinese Foreign Trade Minister Wu Yi said yesterday China is willing and able to shoulder the obligations of the global multilateral trade system.

"China will, as ever, support the international multilateral trade system represented by the World Trade Organization (WTO). China should become a founding member of WTO as a developing country as soon as possible so as to make substantial contributions," she said.

She was a speaker at the China Summit held at China World Hotel in Beijing. The three-day event is organized by the State Commission for Restructuring the Economic System and the International Herald Tribune.

Her speech came at a sensitive time when a new round of informal talks on China's entry into WTO is likely to open soon. The Working Party on China, headquartered in Geneva, has invited Chinese officials to the talks but a final timetable is not available.

US Under Secretary of Commerce Jeffrey Garten, also speaking at the conference yesterday, said the US would keep its "staunch support" to China's access to the world free trade body. WTO replaced the General Agreement on Tariffs and Trade (GATT) on January 1 this year. [passage omitted]

Chinese officials have indicated China would adopt a flexible stance in future talks about its access to WTO so long as the United States and other contracting parties demonstrate sincerity and sufficient flexibility.

But China is insisting on two points. One is that China must be admitted to WTO as a developing country. The other is that an accession protocol package should be made on the basis of the Uruguay Round of the GATT Agreement signed last April.

A Hong Kong-based economist, who spoke on condition of anonymity, said the disputes over the conditions of China's entry into WTO focus on intellectual property rights, trade in service, agriculture, and some special clauses.

The economist said most special clauses demanded by WTO contracting parties discriminate against China and should be cancelled.

Some special clauses even call for freewheeling restrictions on Chinese exports.

Minister Wu yesterday reaffirmed China has been a staunch supporter of the world multilateral trade system and, in particular, trade liberalization in the Asia-Pacific region.

"China will stick to an opening policy in the future. At the same time, we hope our trading partners will eliminate various trade barriers," Wu said.

On attracting foreign investment, she said China would eventually grant foreign investors the national treatment—a GATT term which means the same treatment as domestic investors.

Foreign and Chinese enterprises now enjoy different treatment in taxes and some other aspects.

But Wu said the differences are being narrowed especially after China reformed its financial, taxation, trade, foreign exchange, and investment systems at the beginning of 1994.

Leaders Call For Stricter Copyright Law Enforcement

OW1004152795 Beijing XINHUA in English 1457 GMT 10 Apr 95

[FBIS Transcribed Text] Beijing, April 10 (XINHUA)—Chinese leaders called today for stricter copyright law enforcement and severe punishment for violators.

Ren Jianxin, the president of the Supreme People's Court, said that a legal system is insufficient if people do not observe the laws.

"The fight against pirated CDs has paid off. However, the campaign will still be a long, complicated, and arduous process," he explained in a letter to a national meeting on copyright protection.

Unrelenting effort should therefore be made by government at all levels, said Ren, who is also member of the Secretariat of the Chinese Communist Party Central Committee.

Song Jian, a State Councillor in charge of the Intellectual Property Rights Working Conference under the State Council, added that the protection of intellectual property rights is fundamental to the creation of a market economy.

"But our law enforcement is weak, and the punishment of violators appears to be too light," he said in his written speech.

Government officials should be made aware of the strategic significance of the protection of intellectual property rights, he explained.

As for the protection of patents, trademarks, and copyrights, he said, the weakest is that of copyrights. "According to the agreement reached between the United States and China, we will continue to focus on the protection of copyrights."

He called on copyrights administrations to play a major role in applying laws and regulations in co-ordination with the Intellectual Property Rights Working Conference under the State Council.

"We will especially strengthen awareness of video and audio, film, and computer software copyrights," he added.

The four-day national meeting will work out plans to crack down on piracy and more detailed measures to enforce international cooperation in copyright protection.

Planning Commission Wants Economic Growth of 9 Percent

HK1104075695 Hong Kong HONGKONG STANDARD
in English 11 Apr 95 p 7

[By Wu Zhong]

[FBIS Transcribed Excerpt] Beijing plans to keep its leading role in world economic growth into the next century, according to the development targets of its blueprints for both the next five years through 2000, and the new century's first decade.

On average, the State Planning Commission wants annual economic growth kept at 9 percent during the coming 15 years. The target is one of the goals the commission set in its outlines for social and economic development covering the period.

Gross domestic product (GDP) by the year 2000 on the mainland alone would be four times that of 1980 and GDP in 2010 would be double that of 2000 according to the plan, said Beijing sources familiar with its outlines.

The rate of growth in the first years is expected to be high but gradually slow down as the calculation base grows larger, economic analysts say.

GDP this year is expected to exceed the original goal of more than 4,500 billion yuan (HK\$4,100 billion).

Average annual investment in new infrastructure will increase 20 to 30 percent for the remainder of the century, the outlines stipulate.

Imports and exports will reach U.S.\$200 billion (HK\$1.56 trillion) and foreign exchange reserves are expected to exceed U.S.\$80 billion (HK\$624 billion), by the end of the century.

The plan's outlines have been passed to central government departments and provinces for discussion. Each department and province is required to work out its own plans for the same periods with reference to the general plan's outlines and in accordance with each's own circumstances. [passage omitted]

Official Says Foreign Firms To Join Exchange Market

OW1104105195 Beijing XINHUA in English 0948
GMT 11 Apr 95

[FBIS Transcribed Text] Beijing, April 11 (XINHUA)—The door will be thrown open for foreign-funded firms in China to enter the Shanghai-based national foreign exchange trading network within 1995.

The message was disclosed by a senior central bank official Monday when he told the '95 China International Economic Forum that the country would "this year incorporate foreign-funded enterprises into the foreign exchange settlement and surrender system."

Sources at the State Administration of Exchange Control (SAEC) said that the State Council has approved the idea in principle, though details have yet to be further discussed.

China introduced foreign exchange reform a year ago, along with the unification of the two-track foreign exchange rate system. Under the new system, enterprises must unconditionally sell all their export earnings to the government. Meanwhile, they can buy foreign exchange at any time from banks with necessary papers such as import license or payment orders from overseas exporters.

However, the system did not include Sino-foreign ventures, who can only go to the local foreign exchange swap markets to make up their hard currency shortfalls or sell surplus, at the rate set by the central bank.

These firms, though not asked to surrender their foreign exchange to the state, often complain about the inefficiency of the trading procedure at the swap markets.

SAEC sources disclosed that, when admitted into the inter-bank foreign exchange network, foreign-funded firms will be able to sell their foreign exchange on a voluntary basis and buy foreign exchange directly from banks, just as domestic firms.

The only exceptional requirement is that the joint ventures must have their promised capital already in China and have met their projected export volumes, according to the sources.

They said that the time is ripe for China to make the move as both the inter-bank trading system and the swap markets have reported foreign exchange sales outstripping purchases since early last year.

China's foreign exchange reserves reached 51.6 billion U.S. dollars by the end of last year, ranking fifth in the world. The exchange rate of the renminbi against the U.S. dollar has hovered to around 8.425:1 from 8.7:1 a year ago.

The financial authorities have repeatedly pledged to further improve the foreign exchange market this year. The Shanghai-based China Foreign Exchange Trade System began to trade in Japanese yen in March.

It is learned that the center is making preparations for opening foreign exchange forward trading business.

Guangdong To Step Up Export-Oriented Processing

OW1104075295 Beijing XINHUA in English 0715
GMT 11 Apr 95

[FBIS Transcribed Text] Guangzhou, April 11 (XINHUA)—Guangdong Province, a rising economic giant in south China, will promote export-oriented processing industries over the next few years, in a bid to expand its overall exports, according to local officials.

Xu Dezhi, director of the Provincial Department of Foreign Trade and Economic Co-Operation, said that Guangdong plans to export 32 billion U.S. dollars-worth of goods processed with client-supplied materials or parts by the turn of the century, up from 15 billion U.S. dollars-worth in 1994.

He said that processed goods now contribute one third of Guangdong's exports.

He said, "I think exports of such goods still have bright prospects for expansion because labor-intensive products have a huge global market."

According to Xu, sales of clothing, household electrical appliances, furniture, toys and electronic products exceed 100 billion U.S. dollars-worth worldwide a year.

In accordance with a decision of the Guangdong provincial government, the Pearl River Delta, one of the most developed areas in China, will concentrate on processing high-tech products, such as machinery, electronics products, telecommunications equipment, precision meters and instruments, and fine chemicals.

Mountainous areas and other underdeveloped areas are being encouraged to set up processing zones and accept industries moved out of the delta, Xu said.

He explained that the government has decided to encourage export-oriented processing companies to use domestically-produced parts to replace imported ones to the tune of 10 billion U.S. dollars-worth annually.

Shaanxi Produces Advanced Airplane Engine Components

OW1104032995 Beijing XINHUA in English 0159 GMT 11 Apr 95

[FBIS Transcribed Text] Xian, April 11 (XINHUA)—The Xian Airplane Engine Corporation (Xihang) in this capital of northwest China's Shaanxi Province sent its 2000th turbine disk engine to General Electric (GE) of the United States early this month.

Xihang started to produce a series of turbine disks and 20 other airplane components in 1984. Only a few countries are able to manufacture turbine disks.

The personnel, technology and management of Xihang are as good as those of the world's leading airplane engine manufacturers, according to Dennis Little, GE representative, who came here especially to receive the 2000th engine.

Xihang is the only turbine disk producer for GE except for GE itself, Little said, adding, "We'll continue our cooperation with Xihang and try to send orders worth 100 million U.S. dollars to Xihang each year."

Advanced management has enabled Xihang to produce more than 96 percent of its products in line with international quality standards, and so far it has delivered goods worth 20 million U.S. dollars to its clients.

In 1993 GE issued a certificate to Xihang exempting it from quality examination and allowing Xihang-produced airplane components, including turbine disks, to be directly assembled into GE's airplane engines.

In recent years Xihang has widened its international market share, establishing commercial and cooperative relations with some 20 leading airplane engine manufacturers in the United States, Britain, Canada, Germany and Italy.

Xihang has signed contracts to produce about 300 kinds of components for 11 types of foreign planes. In 1994 alone, it exported items worth over 11 million U.S. dollars, over 22 times the figure in 1984.

Shanghai Seeks Foreign Help in New Subway Project

OW1004170995 Beijing XINHUA in English 1558 GMT 10 Apr 95

[FBIS Transcribed Text] Shanghai, April 10 (XINHUA)—Shanghai will continue to seek co-operation from foreign investors for the first-phase construction of a new subway project, official sources said.

While undertaking the No. 2 subway project, Xu Kerang, one of those in charge of the subway project, told reporters today that businessmen from some countries are negotiating with Shanghai to jointly undertake the first-phase construction of the No. 2 east-west subway, and all say that they are willing to provide preferential loans.

"We'll pick those who give us the most preferential terms," Xu said.

Work on the No. 2 subway project, which has been approved by the Central Government, and which will run under the Huangpu River, will get under way by the end of this year.

According to Xu, officials and engineers with the Shanghai Subway Corporation began discussing the construction of the new subway with foreign investors soon after the No. 1 subway line was commissioned this afternoon.

The new subway will have a total length of 27.03 km, 13.6 km of which will be done in the first stage. It will start at Peng'an Temple, cross the Huangpu River at the Bund near eastern Nanjing Road, and end at Longdong Station, the city's second railway station on the opposite bank, with ten stations.

A more detailed design of the new subway is to be worked out soon, but according to present plans, the subway is expected to be finished and given a trial run in 1998.

Companies from Germany, the United States, and France were chosen to co-operate in building the No. 1 subway, which cost 680 million U.S. dollars, and the

foreign companies have provided the north-south subway with 276.5 million U.S. dollars in loans.

Motorcycle Accessories Company Opens in Sichuan

OW1104032395 Beijing XINHUA in English 0159
GMT 11 Apr 95

[FBIS Transcribed Text] Chengdu, April 11 (XINHUA)—The Huachuan Yamaha Motorcycle Accessories Company, the first of its kind in China, went into operation in this capital of Sichuan Province yesterday.

Involving a total investment of 16 million U.S. dollars, the company will be run jointly by the Chongqing-based Huachuan Machinery Plant, the Chongqing Construction Machine Tools Plant, and the Yamaha and IIC [expansion unknown] companies of Japan.

It has introduced technology and managerial expertise from Yamaha, and equipment from Britain, Italy, Japan and the United States. Technicians from Yamaha and IIC will serve as its technical advisers.

It will manufacture 300,000 sets of motors, locks, switches and meters a year in the first stage, and eventually increase annual production to one million sets. Its products will be sold on both the Chinese and overseas markets.

Fortune Oil To Invest in Chinese Aviation Project

OW1004165895 Beijing XINHUA in English 1459
GMT 10 Apr 95

[FBIS Transcribed Text] Hong Kong, April 10 (XINHUA)—Fortune Oil PLC, a Hong Kong-based company with oil-related operations and investments in China, today announced a 250 million US dollar joint venture to be the supplier of aviation fuel to 14 airports in central and southern China.

The London-listed company will partner state-owned China Aviation Oil Supply Corporation (CAOSC) and Vitrol Holding B.V. in the joint venture, called South China Bluesky Aviation Oil Co. Ltd. CAOSC holds 51 percent of the joint venture while Fortune Oil and Vitrol Holding each have a 24.5 percent interest.

"We are extremely pleased the State Council has endorsed our project," said Barry Cheung, chief executive of Fortune Oil. "This is the first time China has allowed foreign participation in its aviation fuel supply on a regional scale."

The joint venture covers supply, storage and handling of aviation fuels for a period of 30 years in a region that already accounts for approximately one-third of China's total air passenger traffic. It includes Guangzhou's Baiyun International Airport which is the second busiest in China, handling 10 million passengers in 1994.

The joint venture will take over the existing tangible and intangible assets of CAOSC and will be investing in new

facilities to meet the rapidly increasing demand for aviation fuels in the fastest growing region in the country.

The total investment will be approximately 250 million US dollars. Negotiation on the contractual terms of the joint venture is now underway and the final contract is expected to be signed towards the year end.

China's civil aviation industry has witnessed rapid development over the past decade. In 1992 alone, the country's 98 civil airports handled 53.39 million passengers, an increase of 34 percent over the previous year. Airfreight volume and mail reached 994,000 tons, a 25.8 percent surge over the year before. The number of flights climbed to 553,000, a 13.3 percent rise over 1991.

This rapid development has resulted in increasing demands on the physical infrastructure required to ensure supply of aviation jet fuel at China's current and planned future airports, including storage and hydrant systems at the airports, rail transport facilities and coastal and river terminals required for importation of jet fuel.

"We see this as an excellent opportunity for us to help China not only develop its aviation industry, but a chance to invest in an area that is a key to the growth of the country's economy," said Barry Cheung.

U.S. Firm To Offer Technology to Chinese Aviation

OW1004165595 Beijing XINHUA in English 1552
GMT 10 Apr 95

[FBIS Transcribed Text] Beijing, April 10 (XINHUA)—Chairman and chief executive officer of the Fort Worth-based AMR Corp., Robert L. Crandall, said today that his corporation will become a major provider of advanced technology and services to China's rapidly developing civil aviation industry.

Being one of the world's largest airline and travel-related service firms, whose principal subsidiary is American Airlines, AMR is willing to supply several of its latest systems here to help Chinese airlines upgrade their operations. Included are areas such as pricing, reservations, inventory control, aircraft and maintenance scheduling, flight operations, crew management, and financial reporting, according to Crandall.

He said that the SABRE Group, an AMR affiliate that markets the world's largest privately-owned real-time computer reservations system, will become involved in developing a global distribution system for domestic airlines in China.

For his first visit to China, the chairman of the company is to participate in the two-day-long 1995 China Summit, a global economic forum in Beijing, and to look at China's growing aviation business.

"I'm pleased to visit China and share the excitement of the extraordinary growth of its aviation industry," he said. "The country's aviation industry has been expanding very quickly, and there is no reason to believe its growth is anywhere near the limit."

AMR generated revenues totalling 1.61 billion US dollars in 1994 and has more than 200,000 employees.

American Airline now has 647 jetliners serving 213 domestic and 87 international air routes.

Service Industry Attracts Overseas Capital

OW1104110195 Beijing XINHUA in English 1042
GMT 11 Apr 95

[FBIS Transcribed Text] Beijing, April 11 (XINHUA)—China's mushrooming service industry has become a new hot spot for overseas investment owing to the state government's recent efforts to promote the open-door policy in this long-closed area.

By the end of last year, foreign investment respectively exceeded 10 billion U.S. dollars in China's financial field, and six billion U.S. dollars in the telecommunications industry. The overseas capital injected into China's transportation and tourism sectors both outstripped two billion U.S. dollars, according to the latest official statistics.

Meanwhile, the foreign investment in other service sectors, ranging from real estate, insurance, advertising and information consultation to retail sales, has maintained a pleasing growth rate for years.

She Jianmin, vice-minister of the State Planning Commission, said the increasing trend of overseas investment in the service trade sector is doubtlessly aimed at China's potential consumer market, which is expected to reach maturity in the foreseeable future.

Besides the comparatively higher economic returns in this area, he noted, the state's decision to further open tertiary industry to overseas investors will surely be another catalyzer in the ongoing drive.

He said that the country has so far only opened a few sectors, including tourism facilities and catering industry, to the outside world. Until the year 1992, the areas of communications, real estate, information consultation and advertising were out of bounds to foreign investors.

However, last year saw the country license overseas-funded firms in the finance, insurance and retail sales sectors, and foreign investment is being channeled into telecommunications business.

The new policies on each sector's foreign investment management have been issued in order to develop the service industry into a new international capital attraction.

The Ministry of Internal Trade has announced that it will speed up the process of developing Sino-foreign and co-operative retail corporations and chain stores in six cities and five special economic zones, including Shenzhen city and Hainan Province in South China.

That means the traditionally prohibited domestic market of 1.2 billion consumers, each with an annual 1,300 yuan (about 143.5 U.S. dollars) to spend on average, has begun the first phase of opening to the outside, according to analysts here.

Meanwhile, the Central Government has approved access for foreign capital to the sectors of railway and port building, and highway transportation, as well as their involvement in the form of BOT.

And foreign businessmen will be allowed to take part in airport construction, aircraft maintenance and airline catering. Moreover, the establishment of a Sino-foreign airline is now under consideration, said an informed source here.

So far, the government has given the green light to foreign companies willing to fund tourism facilities and vacation programs in 11 state-class vacation zones across the country, as well as their participation in jointly-invested travel agencies.

In China's real estate industry the government has also said "yes" to overseas capital since last year.

The latest survey report disclosed that the country's financial sector is the favorite for foreign companies, with the number of foreign financial entities' representative offices jumping to 298 in 19 cities in China, and the total of their capital reaching 11.07 billion US dollars by last November.

Some 108 branches of foreign financial firms in China to date have become involved in drawing deposits totalling 2.9 billion U.S. dollars, and issuing credits totalling 6.2 billion US dollars.

Yang Wenyou, director of the Overseas Financial Entities Management Department under the People's Bank of China, said the country's financial sector will further promote opening this year, by permitting foreign banks access to RMB [Renminbi] transactions in a pilot scheme and increasing the number of foreign insurance companies' branches in China.

This year will see overseas capital take a share of 10 to 18 percent among the fixed assets of the telecommunications industry, said Wu Jichuan, minister of posts and telecommunications.

According to a prediction made by foreign telecommunications experts, China will invest at least 40 billion yuan in this area by the end of this century to turn a plan of having 100 million digital telephones by the year 2000 into reality. That will further stimulate the investment desire of foreign telecommunications giants.

Meanwhile, the information systems of REUTERS News Agency and the U.S. Telerate Financial Networks have both registered several hundred institutional subscribers in China, and other big names following suit include Dow Jones, and Knight and Ridder of the U.S. and Infocast of Australia.

China's service industry last year generated 1431 billion yuan in output value, accounting for 32.7 percent of the country's total.

Agriculture

*Article Examines Way To Industrialize Agriculture

95CE0285A Beijing JINGJI CANKAO BAO in Chinese
7 Feb 95 p 4

[FBIS Transcribed Text] A new way to develop agriculture, known as the "dragon-shaped economy," is emerging in China. In a typical case, it takes the form of "a company plus rural households."

In Naping Prefecture, Fujian Province, the Shanying Feed Enterprise Group has been providing local farmers fine-quality piglets, mixed feed and advanced feed techniques free. The enterprise is also responsible for selling the mature hogs. When piglets mature, usually in a period of four months, farmers receive a payment of .60 yuan for every one kilogram of hog weight (excluding that of the piglets). In one year, Ye Daiyong, a farmer of Liyang Village, Zhenghe County, bred three batches of pigs and earned 3,750 yuan. The company also benefited from this contact.

This way of developing the economy is now spreading from plains to mountainous areas, and from coastal regions to the interior.

Since its embryonic stage, the economic formation has gone through several phases to take shape. At first, some business organizations provided farmers with one or several service items before, during or after a production cycle. These included delivering feed to the contracted households, immunizing their animals and purchasing the products. Later, rural households were paid in advance, placed under price protection and offered technical advice. The relationship between production and marketing was strengthened. Then business firms began to invest the money to set up production bases. A paper mill, for example, paid certain areas to build forests to guarantee the supply of good-quality raw materials for paper making. Next, economic entities were formed between enterprises and rural houses or among rural households, integrating production and sales to varying degrees. This enabled participants to make up each other's deficiencies. The "dragon-shaped economy" thus took shape. The companies are the dragon head, bases of specialized production the body, and individual households the tail. The three were integrated into an organic whole. With sufficient capital to start projects and by

applying advanced applicable techniques or high and new technologies, and by adopting scientific and efficient management, high productivity, high value-added, and smooth sale of products in both domestic and international markets was achieved. In short, under this form of the economy, companies intensify the output of agricultural resources and increase their value before selling the products. It is evident that such an economic formation, characterized by combining planting, breeding and processing with science, industry and trade, is an inevitable product of the development of the commodity economy, and an inevitable outcome of the effort to optimize the realignment of various resources.

The "dragon-shaped economy" has the following characteristics: (1) With companies as the leading force, it has established close ties with the market, and proceeds from market demand, operates according to market regulations and makes full use of market mechanisms. (2) It has the strength of monetary and technological investment, and has the advantage of specialized and intensive production, it has achieved remarkable returns and market competitiveness is strong. (3) By planning and managing production, processing and marketing in a unified way, it has diminished conflicts among various interest groups; and by practicing strict business accounting at various links, and clearly defining the rights, responsibility and benefits for each party, it has managed to bring into full play all parties' initiatives. (4) The economic formation is quite adaptable under various situations. Rural households may cooperate with each other, and share profits and risks. Business entities may establish a contract relationship with rural households, clearly defining each other's responsibility and benefits. Both cases apply to economically developed areas or poor areas.

The emerging "dragon-shaped economy" has revealed some important points:

First, agricultural investment can be profitable. For a period of time, the view that "agriculture has comparatively low returns" has gained increasing acceptance. The difference is usually attributed to the growing price scissors between industrial and agricultural products. This explanation, of course, is not groundless. Nevertheless, following price decontrols on almost all farm produce, and the dramatic rise in state purchase price of grain and cotton, Chinese agricultural products are virtually as expensive as those on the international market. Not much room is left now for using administrative means to increase the prices of farm produce and adjust the comparative returns of agriculture. According to analysis, the profit rates for industry and commerce are about 10 percent and 15 percent respectively, but the rate for agriculture can be higher because of lifting price controls and because of farm produce shortages. Currently, prices of meat, vegetables, milk and fruit remain steadily high. The prices of agricultural products that can be used to make health-care food have been rising sharply, and those of special farm products are catching

up. The profit rate of these kinds of products is about 50 percent or greater. Even the profit rate of grain and cotton production is the same of that of industry. The trouble lies in small-scale production. Despite the high profit rate, farmers still cannot earn very much. Only a tiny proportion, who lost no time in changing production, such as growing vegetables in green houses and raising soft-shelled turtles, have earned a good income, and have become rich before others. In these new fields of production, competition is far less sharp, with a great prospect for developing new projects. By taking this opportunity, investors in the "dragon-shaped economy" have achieved significant economic results.

Second, it is necessary to lead farmers into the market. Farmers' economic activities were traditionally decentralized and small. For a long time they have been isolated from the market. Leading farmers into the market is therefore a tough job. Yet without the participation of farmers, the formation of the socialist market economy will prove to be difficult. At present, about 60 percent of the administrative villages have no telephones, nor delivery of provincial newspapers on the same day as publication, and wire broadcasting service is virtually dead. Being isolated, farmers receive only very weak market signals. Those closer to the market get stronger signals, yet handicapped by their ability to sift the messages received, they often misinterpret the information and therefore make wrong business decisions. Such examples can be easily found in real life. Market development demands farmers to adjust their product pattern, which requires capital investment. Yet this is beyond the ability of most farmers. A sample survey shows that in 1993, the per capita spending of rural households on production and management was only 367 yuan. Since the amount of money included investment on industry and service industries, the net expenditure on agriculture was even smaller. The lack of market information and the shortage of the money for agricultural investment alone are enough to prevent farmers from entering the market. The emerging "dragon-shaped economic structure," however, has freed farmers of the burden of making business decisions and of collecting funds while letting specialists take over these tasks. Thus, it is removing the two obstacles in the farmers' way to the market and building a passage

connecting the small-scale production and the great market. Farmers are thus able to engage in production to meet market demand. This cannot but be of great importance to the formation of the socialist market economy.

Third, it is necessary to explore the way to industrialize agriculture. Agriculture gave birth to industry, and supported its development and growth. Representing the advanced force of production now, industry should help agriculture, transforming it into a kind of industry based on advanced models. Industrialization points to the strategic orientation of China's agricultural development. The so-called industrialization means the use of market mechanisms to boost agriculture, the equipment of agriculture with science and technology, and the adoption of advanced organizational forms to manage agriculture. All this happens to be the essence of the "dragon-shaped economy." Successful "dragon-shaped economy" possesses smart market experts and shrewd enterprise managers. Applying modern methods of industry to the development of agriculture and managing it like an industry, they broke the pattern of rural households' decentralized operations and "small-scale and self-sufficiency oriented" production. Instead, they introduced the principle of division of work to agriculture, they turned agriculture into specialized production, intensified the factors of production, rationalized the scale of production, and output distribution was regionalized. In this way, they have greatly raised labor productivity. While recognizing the household-based land contracting system, they changed the function of farmers fundamentally. That is, they have turned farmers into laborers engaged in production according to unified standards. Some have become agricultural workers. All this represents the effort to explore the way to industrialize agriculture.

***Liaoning Reports Cultivated Land Area in 1994**

95CE0357F Shenyang LIAONING JINGJI RIBAO in Chinese 4 Mar 95 p 2

[FBIS Summary] In 1994 the cultivated area in Liaoning Province was 51,168,000 mu, a decline of 279,000 mu from 1993, or 0.54 percent.

East Region

Fujian Congress Opens, Wang Hangbin Attends

HK1104081095 Fuzhou Fujian People's Radio Network
in Mandarin 2300 GMT 30 Mar 95

[FBIS Translated Excerpt] We now broadcast a recorded report by our reporter on the opening of the Third Session of the Eighth Fujian Provincial People's Congress in Fuzhou's Xihu Opera House on 30 March. At 0830, Jia Qinglin, executive chairman of the presidium, declared the participation of Wang Hanbin, vice chairman of the National People's Congress, at the session. Executive chairmen of the presidium, seated in the front row of the rostrum, were Yuan Qitong, Guo Ruren, Huang Changxi, Su Changpei, Liu Yongye, Zhang Mingjun, Hong Huasheng, and Song Jun.

Jia Qinglin presided over the opening ceremony.

[Begin recording] [Jia] There are 560 deputies to the Third Session of the Eighth Fujian Provincial People's Congress, 514 of whom are present at the current session, meeting the quorum. I declare the Third Session of the Eighth Fujian Provincial People's Congress open. Everyone please rise for the national anthem. [anthem is played]

[Reporter] Governor Chen Mingyi presented the government work report. He said:

[Chen] On behalf of the provincial people's government, I now present a government work report to this session. Please examine it. All members of the provincial committee of the Chinese People's Political Consultative Conference, please raise your suggestions. Last year the province made new progress in all fields and basically fulfilled the tasks set by the Second Session of the Eighth Fujian Provincial People's Congress for 1994.

[Reporter] Governor Chen Mingyi's report, entitled "Seizing Opportunity, Forging Ahead With an Enterprising Spirit, and Working Hard To Fulfill the Eighth Five-Year Plan," is divided into four parts. First, a review of government work in 1994; second, bringing about sustained, rapid, and healthy national economic development; third, stimulating Fujian-Taiwan exchange and widening the scope of opening to the outside world; and fourth, making efforts to materialize overall social progress. [passage omitted] Chen Mingyi pointed out:

[Chen] The year 1995 is the last year for the thorough fulfillment of the Eighth Five-Year Plan and is also a crucial year to lay a foundation for the implementation of the Ninth Five-Year Plan. We must firmly seize the current favorable opportunity, unify our understanding, assume overall responsibility for the situation, strengthen coordination, work in a down-to-earth manner, further deepen reform, and expedite the establishment of the socialist market economic structure. We must widen the scope of opening to the outside world,

promote Fujian-Taiwan relations, improve the quality and efficiency of economic growth, earnestly solve such problems as excessive price hikes, agriculture being weak as the foundation of the national economy, some state-owned enterprises facing difficulties, and infrastructural facilities being backward, to maintain sustained, rapid, and healthy national economic development. We must adhere to the principle of doing two types of work simultaneously, step up our efforts for a diligent and clean administration, ensure social stability, and bring about overall social progress.

[Reporter] In conclusion, Chen Mingyi said:

[Chen] Deputies, the tremendous achievements in reform and opening up encourage us to create new strong points, and the historic mission of carrying out a great plan is impelling us forward. In this new year, we must have high morale and a down-to-earth work style, rally the forces of the people throughout the province, work hard with one heart and one mind to score an overall victory in the Eighth Five-Year Plan, create new brilliant achievements in reform, opening up, and modernization, and make new contributions to the motherland's great cause of peaceful reunification. Thank you.

[Reporter] Seated on the rostrum were other members of the presidium. [passage omitted] [end recording]

Fujian's Fuzhou Bonded Zone 'Doing Well'

OW1104082095 Beijing XINHUA in English 0722
GMT 11 Apr 95

[FBIS Transcribed Text] Fuzhou, April 11 (XINHUA)—Fuzhou Bonded Zone in Fujian Province in east China has been doing well since it was established in January 1993.

Covering a total area of 1.8 sq km in the Fuzhou Economic and Technological Development Zone, the bonded zone is one of 13 in China's coastal areas. Its first-phase development covers 0.4 sq km.

Last year, the zone spent 100 million yuan on infrastructure construction, including water and power supply, and communications.

To date, a total of 195 projects involving 280 million U.S. dollars have been approved to be built in the zone, with 67 of them already launched.

In addition, a bonded area for production materials, covering an area of 20,000 sq m has been opened there.

Shanghai Provides New Jobs for Unemployed

OW1104111095 Beijing XINHUA in English 1055
GMT 11 Apr 95

[FBIS Transcribed Text] Shanghai, April 11 (XINHUA)—About 327,000 job opportunities have been provided for the 500,000 unemployed in this, China's largest city and biggest industrial center.

The laid-off workers, mainly from money-losing enterprises, have found new jobs in the sectors of tourism, retail, transportation and finance.

Shanghai has reported that the number of job-seekers has been increasing in recent years due to the adjustment of the city's industrial structure and reforms in the labor system.

The municipal government last year kicked off a re-employment project in a bid to enlarge job channels and provide more job opportunities for the unemployed. Steps such as free skill training, setting up job agencies and expanding the service sector helped the city keep the jobless rate at 2.8 percent last year, lower than the national average of 2.9 percent.

The Shanghai-based Eastern Airlines, for example, joined hands with the textile sector of the city and recruited some laid-off women workers to be stewardesses.

The Shanghai Metro Corporation employed over 300 textile workers to work on its first subway line, which has just opened.

The tourism industry in Shanghai is expected to create some 200,000 job opportunities by the end of the century, according to experts. The Shanghai Tourism Bureau has trained 106 workers and most of them have got jobs in hotels.

The municipal labor department is making further efforts to help another 200,000 jobless workers get new jobs.

Central-South Region

Guangdong's Daya Bay Unit Could Restart Soon
HK1104064595 Hong Kong HONGKONG STANDARD in English 11 Apr 95 p 1

[By Renato Reyes]

[FBIS Transcribed Text] Eight extra clusters of rods will be added to the Daya Bay nuclear reactors, its French manufacturers said last night. If this works out, the station, which has been shut down since December could be restarted in six to eight weeks, according to Framatome spokeswoman Marie Carole de Groc.

She said the Guangdong Nuclear Power Joint Venture Company and Framatome had agreed to add eight extra rod cluster control assemblies to the Daya Bay nuclear power plant's reactor as a temporary solution. The reactor now has 53 clusters.

The consensus between Guangdong Nuclear Power and Framatome, the French nuclear reactor supplier, is one of two decisions reached over the weekend. The temporary solution will be implemented "as soon as possible" but will first have to be approved by China's nuclear watchdog, the National Safety Bureau.

Daya Bay's Unit I reactor will then undergo another test to check its rod-drop time. "We are ready to implement this temporary solution," Ms de Groc said from Paris last night. "If everything goes right, we will be able to restart the reactor from six to eight weeks."

The control rod assembly is made of small bars which guide the rods into the fuel assembly in the reactor vessel head. The rod assembly controls reactor power.

The other decision made is for Framatome to deliver replacement guiding tubes by the end of the year. Framatome has admitted it is still nowhere near uncovering the cause of the problem in Unit I. "We know what the phenomenon is but we don't know the root cause," Ms de Groc said.

French experts are investigating three areas—the fuel assembly, guide tubes, and the control rod mechanism.

The Legislative Council Environmental Affairs Panel meets today to grill Daya Bay officials on the troubled Unit I reactor. "We want to be briefed on what happened and to get confirmation that there are no safety problems," said panel chairman Peter Wong.

The control rods, which stop the nuclear reaction in case of an emergency, failed to drop into the reactor pressure head quickly enough. Framatome said the failure could be due to design changes it introduced for the first time in the reactor it supplied to Daya Bay. These included slightly different reactor internals and a higher coolant flow.

The Nuclear Safety Concern Group is demanding that international experts be invited to help repair the reactor.

Member John Wing Ling-tse, also a senior lecturer, said yesterday: "They are losing millions of dollars a day. There is pressure for them to reopen the plant. That's why we are recommending the setting up of an international panel of experts to ensure that it would be safe to restart the plant."

But Albert Chan, spokesman of Hong Kong Nuclear Investment Company which has a 25 percent stake in Daya Bay, said there was no need to bring in international experts to "tackle a relatively minor problem which has no safety significance".

Guangdong Governor Meets With Reporters
HK0603092095 Hong Kong TA KUNG PAO in Chinese 16 Feb 95 p a2

["Special dispatch" from Guangzhou 15 February: "1995—New Prospects; Governor Zhu Senlin Meets With TA KUNG PAO, HSIN WAN PAO Reporters"]

[FBIS Translated Text] Spring has returned and we usher in the spring of 1995 in a joyous mood. The new year will inherit the good results we scored last year. In 1994, Guangdong's national economy maintained sustained,

rapid, and healthy development. The province's GDP reached 417.5 billion yuan, an 18 percent increase over the previous year. Last year, our province's national economy suffered some difficulties. First, against the background of rapid development during the previous three years, we strengthened macroregulation and control, despite a rather tight economic environment; second, several important reform measures were announced and there was a relatively large adjustment in interest relations; and third, we had huge flooding which we had not experienced for a century. Under such circumstances, we seriously implemented the CPC Central Committee and State Council's principles and policies and properly handled the relations between reform, development, and stability. We strove to seek development amid regulation and control, while at the same time embodying vigor amid reform, securing a bumper harvest amid resistance against natural disasters, and maintaining stability amid development. Most of the major plans and goals of national economic and social development were fulfilled or overfulfilled.

According to quick statistics, total industrial output value reached 694.8 billion yuan, a 26.4 percent increase and total agricultural output value reached 107 billion yuan, a 3.7 percent increase. We had a bumper harvest despite a year of natural disasters, and total grain output reached 16.586 million tonnes, an increase of 295,000 tonnes. The total investments in fixed assets used in society as a whole totaled 204.6 billion yuan, a 25.5 percent increase; the total import and export volume was \$96.66 billion, a 23.4 percent increase; and foreign funds actually utilized amounted to \$11.46 billion, an 18.5 percent increase. The total volume of retail sales was 175.75 billion yuan, a 28.2 percent increase; local revenue income was 29.7 billion yuan, a 37 percent increase; and per capita living expense income for urban residents was 5,877 yuan, while per capita net income for peasants was 2,182 yuan, a 13.6 and 3.8 percent increase respectively after deducting the price factor.

Looking forward to 1995, we have reason to believe that the tendency of rapid and healthy development of the national economy in our province will continue. Through adjustment of industrial structure, various kinds of proportions and relations within the national economy in our province will become reasonable and the province's ability to deal with emergencies will increase. A series of important reform measures which were announced last year, after operation for a year, will gradually show their roles in promoting economic development. In the new year, we will seriously implement the spirit of the 14th Party Congress and of the Third and Fourth Plenary Sessions of the 14th CPC Central Committee and continue to uphold the basic principle of "seizing the opportunity, deepening reform, opening up wider to the outside world, promoting development, and maintaining stability." We will further properly handle the relations between reform, development, and stability and expedite the building of the socialist market economy system. By focusing on upgrading the quality

and efficiency of economic growth, we will vigorously adjust the economic structure, strengthen and improve macroregulation and control, check inflation, maintain a basic balance between supply and demand, and diligently realize a sustained, rapid, and healthy development of the national economy. In the new year, we will make efforts to complete the following tasks:

I. Strengthen Macroregulation and Control, Control the Excessively Rapid Price Increases

Last year, our province's general retail price index increased by 18.9 percent over the previous year and there were many reasons for this. This year, we will continue to view suppressing inflation and controlling the degree of price increases as the main duty of macroregulation and control, resolutely grasping supply on the one hand and control and regulation on the other while striving to bring inflation to about 13 percent for the whole year. Concrete measures include the following: First, governments at various levels will practice the system of responsibility for controlling the general price level; second, increase the strength for price management, supervision, and inspection, earnestly rectify the circulation order, practice dynamic and direct management of the prices of goods and services which have a monopolistic, protective, or social welfare nature and handle various kinds of lawbreaking activities relating to prices; third, earnestly grasp the "rice bag" and "vegetable basket" projects, stabilize prices, and diligently increase the supply of daily necessities for urban and rural residents; fourth, expedite the building of a price regulatory fund and a system of reserves for important commodities; and fifth, strictly control the excessively rapid increase in consumption funds and continue to strictly control the scale of investment in fixed assets, especially the newly started projects.

II. Strengthen Agricultural Work, Upgrade the Standard of Agricultural Production

At present, agriculture is still a weak link in our province's economy and, in some localities, the agricultural foundations are still relatively weak and agricultural productivity is rather low. Last year, our province took forceful measures to strengthen agriculture and, despite the fact that it was a year of natural disasters, grain output increased whereas farming, forestry, animal husbandry, and fishing all developed. This year, we will continue to put the strengthening of agriculture as an economic priority. We will first grasp grain production. At various levels, we will practice the system of responsibility for grain production, purchase, sale, and reserve, to ensure that the farmland under grain this year will be not less than 50 million mu and total grain output will reach 17.5 million tonnes. We will further implement the system of responsibility for farmland protection, properly manage basic farmland protection zones, and expedite the building of 50 commodity-grain counties. Second, we will strengthen the building of basic irrigation facilities and, according to the standard of flood

prevention, make an effort to strengthen the dikes for reservoirs and streams, enforce sea embankments, and harness big rivers to improve our ability to resist natural disasters. Third, we will expedite the development of high-quality and high-yield agriculture.

We will also build a number of bases demonstrating such agriculture, promote application of the results of agricultural science and technology, and further establish a collectivized service system for agricultural production. We will continue to implement various policies and measures that have been formulated by the central and provincial authorities for strengthening agriculture and increase agricultural input through various channels. At the same time, we will continue to deepen the rural reform and stabilize the system of contracted responsibility on a household basis with remuneration linked to output. We will also actively and steadily promote the joint-stock cooperative economy in the rural areas. Companies and enterprises will be encouraged to begin joint-stock systems in which peasants buy shares with their land, funds, and technology, based on the voluntary principle, to improve the scale and grade of agricultural production and operation. We will also actively guide foreign investors toward our province's agriculture.

III. Uphold the Correct Direction in Which Funds Flow, Ensure Smooth Process of Key Construction Projects

This year, in the area of using funds, we will ensure that enterprises get the necessary circulation funds, continue to control the scale of investment in fixed assets, and vigorously adjust the investment structure. Investments will mainly go to infrastructure, raw materials industries, and high- and new-tech industries, to produce the economic and social returns we should have. We must further strengthen key construction projects. This year, our province has arranged 30 key projects, which involve a total investment of 101.2 billion yuan and the investment planned for this fiscal year is 22 billion yuan. Among these projects, seven are newly started projects: The Guangzhou-Zhuhai Railway, Shunde's large program-controlled switchboard, Kaiping-Yangjiang Expressway, Yangjiang-Zhanjiang Expressway, Guangzhou-Shaoguan Expressway, Guangzhou Hechuan-Huidong Lingkeng Expressway, and the second phase of the pumping and power station in Guangzhou. There are 23 projects in which construction continues, including: The Guangzhou-Meizhou-Shantou Railway, the Guangdong section of Beijing-Kowloon Railway, Foshan-Kaiping Expressway, Shenzhen-Shantou Expressway, the first phase of East Guangzhou-Zhuhai Expressway, Humen Bridge, the ethylene project in Maoming and Guangzhou, the key irrigation project in Feilai Gorge, and the first phase of the Guangzhou Subway. We will raise the funds needed through various channels, work to solve problems and difficulties arising from construction, and ensure a smooth process of construction of the key projects.

IV. Focusing on the Reform of State Enterprises, Deepen Various Mutually Supportive Reforms

Reform is the motive force for development. This year, our province's reform work will center on state enterprise reform and we have selected 250 state enterprises to test the pilot project of building a modern enterprise system. We will proceed from auditing assets and clarifying property rights, and through reform, adjustment, and reorganization, reach the goal of changing mechanisms and improving efficiency. Regarding the entire situation of enterprises, we will continue to implement the "Enterprise Law," the "Company Law," the "Labor Law," and the "Regulations on Changing Operational Mechanisms in the Industrial Enterprises Owned by the Whole People." We will vigorously promote the system of contracts for the entirety of work force personnel, thoroughly launch the work in defining property rights and auditing assets, and gradually establish enterprise-restraining mechanisms, incentive mechanisms, survival-of-the-fittest mechanisms, mechanisms allowing the circulation of property rights. Regarding supportive reforms, we will further promote the change of government functions and establish a new system to manage and operate state assets. We will build a new social insurance system which suits our country's national conditions, corresponds to the current level of economic development, and centers on old age provisions and unemployment insurance.

V. Open Up Wider to the Outside World, Expedite Development of Export-Oriented Economy

Foreign trade and economic cooperation is an important pillar supporting the economy in our province. In the new year, we will further deepen the reform of the foreign trade system and expedite convergence with the international market. We will diligently change the traditional pattern of foreign trade, vigorously explore the diversified international market, urge foreign trade enterprises to change in the direction of industrialization and conglomeration, and build in the province a number of enterprises which can export "competitive products" and develop transnational operations step by step.

At the same time, as we continue to improve the "hard" environment such as infrastructure, we will make efforts to improve the "soft" environment. Following prevailing international practice and responding to the needs of building the socialist market economy system, we will intensify our efforts to study concrete policies and measures for giving "national treatment" to foreign-invested enterprises. We will strengthen macroguidance for the utilization of foreign funds, continue to broaden the channel for utilizing foreign funds, and select a number of key projects to attract large international consortia and companies to Guangdong to make investments. We must further give play to the "platoon" role of the special economic zones and the open coastal regions, expedite the opening up of the mountainous and undeveloped areas, and enable the whole province to make headway in opening up to the outside world.

We will strengthen links with Hong Kong and Macao and further increase the depth and width of cooperation with them. Hong Kong has the strong points in international finance, trade, transportation, and information; Guangdong has the strong points in manpower, land, a complete set of industries, low production costs, and certain scientific research strength. The two places can supplement each other's needs with their own strong points and cooperate in areas such as building and coordinating basic facilities, adjusting and upgrading the industrial structure, and developing high- and new-tech industries. Exploring international markets will help to score more actual results.

VI. Optimize the Structure, Improve the Quality and Efficiency of Economic Development Throughout the Whole Province

Although our province's economy has rapidly developed over the past decade, the quality and efficiency of economic development needs great improvement. We will put improvement of the quality and efficiency in the prominent position in economic construction and, this year, we will launch extensively the "year of quality and efficiency" activities throughout the whole province.

The key to improving the quality and efficiency of economic development lies in adjusting and optimizing the structure. First, we must adjust and optimize the industrial structure. Our principle is to "upgrade primary industry, optimize secondary industry, and vigorously develop tertiary industry." In particular, the proportion of tertiary industry is still low in our province's national economy and has great potential for development. We will view building Guangdong into a financial, trading, information, and tourist center in south China as our goal and expedite development of tertiary industry. When we vigorously develop commerce, trade, finance, services, and the means of production, our emphasis is on developing financial and information businesses which are closely related to the building of market system. We must build a number of market broker organizations which accord with international norms in the areas of technology, information, consultation, evaluation, market planning, use of lawyers, and notarization. Second, we must adjust and optimize the product mix. We will actively plan and develop a large number of "competitive" and famous products which are made using advanced technology and which have high added value. We will be able to carry out research on a number of such products, produce a number of such products, and build reserves of a number of such products. This will guarantee that the ascendancy of "Guangdong products" lasts for a long time and improve the products' market occupancy rate. Third, we must adjust the industrial structure. Following the principle of voluntariness on the enterprises' side and guidance on the government's side, we must break down the barriers between trades, regions, and internal and external trade, and build a number of comprehensive large enterprise groups, or even transnational groups.

These groups will have output values of several billion yuan or tens of billions of yuan, which combine the production and operation of the products made by the different trades, and which incorporate scientific research, production, exports, and after-sales service, to give play to the effect of scale and squeeze for a place in the domestic and international market with great strength.

We must rely on scientific and technological progress to improve the quality and efficiency of economic development. We will seriously organize the pattern and planning for scientific and technological development, build major scientific and technological bases, and vigorously strengthen technological research, development, and application and the ability to digest, absorb, and renew foreign technology. We will expedite the transformation of high- and new-tech research results into actual productive forces, strengthen technological transformation for enterprises, and vigorously promote application of new technology which saves energy and which mainly relies on electronic technology. enable more enterprises to arm themselves with advanced technology. By 2000, we will permit the rate of contribution from scientific and technological progress to economic growth in our province reach 45 percent.

VII. Plan and Build Zhujiang Delta Economic Area

Last year, we made a decision about planning and building the Zhujiang Delta Economic Area. Planning and building the Zhujiang Delta Economic Area is an important component part of our province's strategy of basically realizing modernization within 20 years. The Zhujiang Delta Economic Area refers to the alluvial plain in the Zhujiang Delta area in Guangdong Province and the area includes Guangzhou City, Shenzhen City, Zhuhai City, Dongguan City, Zhongshan City, Foshan City, Jiangmen City, Huizhou City, Huiyang County, Huidong County, Boluo County, and Shaoqing City's Duanzhou District and Dinghu District, as well as Sihui and Gaoyao Counties. In this area, the statistics at the end of 1993 showed a population of 20.56 million, a total area of 41,596 square km, and a GDP of 226.42 billion yuan, 31.2, 23.4, and 70.2 percent respectively of the province's totals.

In our province, the Zhujiang Delta is the area which has the highest level of economic development and greatest vitality but it also has problems such as an irrational industrial structure, overlapping construction, and poor quality of urban and rural planning, construction, and management. It also has low environmental protection. If these problems are not promptly solved, they will seriously restrain the economic development in this area. The goal of planning and building the Zhujiang Delta Economic Area is: build the Zhujiang Delta into an economic area that has a group of cities, advanced science and technology, optimized industrial structure, rational division of labor in society, coordinated basic facilities, sound service facilities, good ecological environment, integration of urban areas with rural areas, and

a high degree of civilization. This way it will be is the first one in the province to realize modernization and reach the standard of a moderately developed country in the world. Beginning this year, the cities and counties in the Zhujiang Delta will carry out planning and construction according to the requirements of the "five combinations" of major infrastructure projects, the distribution pattern of industries, urban and rural construction by modern standards, ecological environment planning, and social development and spiritual civilization construction. It is foreseeable that the planning and building of the Zhujiang Delta Economic Area will forcefully promote thorough and coordinated development of the economy in the area and further increase the vitality and staying power for economic development in the area. The planning and building of the Zhujiang Delta Economic Area will also further increase the area's stimulating and radiating power, provide a material basis for development in the mountainous and remote regions, provide a guarantee for prosperity in the east and west wings, and will thus expedite the modernization process throughout the whole province.

At the same time that we grasp economic construction, we will vigorously strengthen socialist spiritual civilization construction and promote a thorough development of various social undertakings. In the area of spiritual civilization construction, we will continue to organize the broad masses of cadres and people to learn from the "Selected Works of Deng Xiaoping," the theory of socialist market economy, basic modern scientific knowledge, and modern management knowledge. At the same time, we will profoundly and persistently carry out education on patriotism, collectivism, and socialism for cadres and the masses, especially for the young people. Recently, the province compiled a "New Three-Character Book," which contains sentences, each of which has three characters and which borrows the three-character style that has been on the lips of our people for thousands of years and which is suitable for young people judged from their ability to absorb and taste. We have given the book new contents embodying the spirit of a new era, patriotism, collectivism, and socialism. This book will become a useful teaching tool for promoting spiritual civilization construction. We will also continue to launch education on social morals and work ethics in various trades, paying attention to the characteristics of each trade and we will also launch activities to build civilized units at the grass-roots level in cities and in the countryside. To conclude, our spiritual civilization construction should be able to arm people with scientific theory, guide people with correct public opinion, mold people with lofty spirit, encourage people with excellent works, thoroughly upgrade people's ideological and moral qualities and scientific and cultural standards, and improve people's quality in terms of modern civilization. Improving people's quality in terms of modern civilization is very important because it is the guarantee for promoting modernization construction in our province.

In the area of cultural life, we will make various domains more prosperous, such as literature and art, and urge cultural workers to actively join the great practice of reform, opening up, and modernization construction, to participate in bustling life and to produce more and better works to satisfy the people's diversified and multilevel cultural needs. At the same time, we will build a number of basic cultural facilities such as libraries, cultural halls (stations), and cinemas, to let the people have more venues for cultural activities and we will also actively launch various kinds of cultural and recreational activities for the people.

In the area of social habits, we will take stronger measures to build clean government, wipe out the seven vices such as "pornography, gambling, and drugs," and carry out comprehensive management of social order. We will persistently grasp these measures to enable Guangdong's entire societal appearance to change for the better and the people to live and work happily, love their hometowns, and struggle hard for a better tomorrow in Guangdong.

Non-Communist's Promote Hainan Development

OW1104082395 Beijing XINHUA in English 0716 GMT 11 Apr 95

[FBIS Transcribed Text] Haikou, April 11 (XINHUA)—Various non-Communist parties and mass organizations in this capital of south China's Hainan Province are doing everything within their power to promote local economic construction.

Since Hainan became a province in 1988, such parties and organizations in Haikou have sent 512 motions and 870 proposals to the city government, 60 percent of which deal with how to speed up local economic construction.

The island province is China's largest special economic zone, where flexible policies are being pursued to encourage investors from Hong Kong, Macao, Taiwan and overseas.

Since 1988 members of such parties and organizations have received 10,000 investors from Canada, Denmark, France, Japan, the Republic of Korea, Singapore and Thailand, as well from Hong Kong, Macao and Taiwan.

In 1994 alone, they brought in 135 million yuan and 2.2 million U.S. dollars in overseas funds to Haikou.

The 30 schools and training courses opened by them have trained 20,000 people so far. Some members have tackled technical problems together with researchers and workers.

For example, Han Yudong, a member of the Chinese Peasants' and Workers' Democratic Party, has developed a number of new medicines approved by the central authorities since 1989, enabling local factories to make 90 million yuan in profits.

Various non-Communist parties and mass organizations plan to introduce 575 million yuan in overseas funds to Haikou before the end of the century.

Members of such parties and organizations have decided to investigate problems in Haikou's cultural and pharmaceuticals markets, supply and marketing co-ops, tourism products market and the non-state-owned sector.

Labor Services Booming in Hainan Province

OW1104084395 Beijing XINHUA in English 0824
GMT 11 Apr 95

[FBIS Transcribed Text] Haikou, April 11 (XINHUA)—Various types of job-hunting services and labor markets have appeared as the most important channel for job seekers in south China's Hainan Province.

The province now has well over 100 job services, and the commercial labor market is province-wide, according to Luo Xizhen, director of the Hainan Provincial Labour and Personnel Bureau. The departments of personnel and labor are now paying attention to enforcing the labor laws and regulations, Luo added.

These services cater to everyone from graduating students to people who quit their jobs to look for a new chance in life and workers from the countryside.

Started in 1988, when Hainan Economic Special Zone was established, the labor market had the goal of getting more talented persons with special skills.

By last year, the province had seen the introduction of 70,000 persons with various skills, and had a total of 458 labour services arranging employment for 14,013 people annually, while earning 179 million yuan a year.

To aid this, open competition and greater employee choice have been used. Last year, more than 2,000 enterprises used the services and markets to recruit new staff members, while over 10,000 job applicants registered.

A survey has shown that well over 70 percent of the young people in Haikou, capital of Hainan Province, resorted to the services in applying for work.

The labour services also provide other services, such as consulting, go-between services, professional training, personnel management, as well as social security.

Southwest Region

Tibet's Customs Officials Denounce Splittism

OW1004134595 Lhasa Tibet People's Radio Network in Mandarin 1400 GMT 5 Apr 95

[FBIS Translated Text] Dear listeners, the regional party committee lecture group on 4 April went to the Lhasa Customs Office to deliver a special report, entitled "Emancipate the Mind in the Antisplittist Struggle." The

report has received an enthusiastic response from all cadres and workers of the customs office. After the report, station reporter (Jinpudoge Bianba) interviewed Comrade (Qigu Shida), chief of the customs office's Civic Education Division. He said:

[Begin (Qigu Shida) recording] After listening to the lecture group's report "Emancipate the Mind in the Antisplittist Struggle," I was profoundly educated. The lecture group gave an incisive exposition and cited a host of concrete examples in conducting political education on the need to fight splittism, to safeguard the motherland's unification, and to strengthen unity among nationalities. These are the most important tasks facing the people of Tibet. For years, the (?Dalai clique) has advocated Tibet's independence. However, since [words indistinct], Tibet has made rapid progress in the political, economic, cultural and other fields of work. Regardless of changes in tactics, the handful of splittists' attempts to advocate secession and Tibet's independence is doomed to fail. [end recording]

(Zhang Weimin), deputy director of the Lhasa Customs Office, described, in light of the realities of customs work, the understanding he had gained from the special report.

[Begin (Zhang) recording] The report has taught us a vivid lesson of political history, and has further strengthened our confidence and determination to safeguard the motherland's unification and to fight splittism. The party organization of the Lhasa Customs Office has attached great importance to safeguarding the motherland's unification, to the unity among nationalities, and to the antisplittist struggle. None of the customs office personnel took part in, or watched as bystanders, the previous struggles against disturbances. As the guardian of the national gate, the customs office stands on the frontline of the antisplittist struggle. We have always taken a firm and clear-cut stand in fighting splittism. Especially in the (?customs inspection), we have conscientiously screened and banned reactionary propaganda materials of all kinds. Since the beginning of this year, we have seized several tens of thousands of reactionary propaganda materials. [end recording]

Lhasa TV Calls For Struggle Against Group

OW1004134195 Lhasa Tibet Television Network in Mandarin 1200 GMT 6 Apr 95

[Announcer-read "Television Forum": "Our Important Political Task"; from the "Regional News Hookup" program]

[FBIS Translated Text] The Third Central Forum on Tibet Work has pointed out that the situation in Tibet is basically stable, but the antisplittism struggle there remains intense. The key to maintaining stability in Tibet lies in waging a struggle against the Dalai clique. We must soberly realize that the main source of instability in Tibet is the splittist activities of the Dalai clique.

Dalai is the ringleader of the splittist clique. He is taking advantage of his religious position to conduct splittist activities which are quite deceptive and yet influential to a vast number of religious followers. We should resolutely unmask his true colors and motives.

The Dalai clique opposes the Communist Party, negates the socialist system and undermines national unity. They attempt to split the motherland, turn back the wheels of history and restore their ruling status and feudal serfdom in Tibet, and they are going against the will of the people. The unification of our country, the unity of our people and social stability are the basic necessities for the triumph of our cause. The interference by the Dalai clique has made this autonomous region lose many development opportunities and prevented us from concentrating on our undertakings. For this reason, to strive to do good work among the masses, resolutely combat the crime of splitting the motherland and other crimes, unmask the true colors of the Dalai clique, frustrate the Dalai clique's splittist attempt, and wage a tit-for-tat struggle against the Dalai clique are important political tasks in order to defend our country's sovereignty, strengthen national unity, ensure state security and maintain social stability.

North Region

Beijing Vice Mayor's Death Linked to Project

HK1104080895 Hong Kong LIEN HO PAO in Chinese
10 Apr 95 p 2

[Report by staff reporter: "Beijing Vice Mayor Wang Baosen Commits Suicide for Involvement in Oriental Plaza Law-Violation Case"]

[FBIS Translated Text] A source in Beijing pointed out: Wang Baosen, the executive vice mayor of Beijing who committed suicide on 4 April, was involved in economic irregularities in the handling of Oriental Plaza. He decided to take his own life after determining that his secretary had "pleaded guilty," and that the spearhead of investigation would be directed against him.

The source said yesterday: Wang's secretary, who has been detained by the authorities for several months, and the secretaries of many high-level leaders in Beijing are subject to special investigation for possible involvement in cases like "Oriental Plaza" and "illegal collection of money for the purchase of gold." The investigation will not be ended because of Wang's death, but will be further expanded. He said: Over 40 high-level officials are being investigated in Beijing.

The source pointed out: During the meetings of the National People's Congress and the Chinese People's Political Consultative Conference, Wang was in very low spirits because he was investigated and questioned by the relevant Beijing departments. Before going for a "spring outing" in the Beijing outskirts of Huairou County on 4

April, he borrowed a pistol from a friend in the municipal public security bureau and committed suicide that evening.

The source added: This is the most serious case since the Chinese central authorities stressed the need to wage the anticorruption struggle and to "capture a few big tigers" this year. The whole case will not be suspended simply because of a vice mayor's death. He said: Jiang Zemin personally issued a note at the beginning of this year, saying that "instead of being overcautious, we should round up some people in charge who are involved in major cases of economic crime."

Wang's suicide reportedly has made some Beijing municipal leaders, who have been pretty "low-key" these days, fear for themselves. They are worried that they may be implicated in the case, and may be held responsible for the corruption and graft of their subordinates. According to the source, the family members and secretaries of some high-level officials in Beijing are being investigated.

Li Qiyang's former secretary, Li Min, is crucial to whether or not high-level Beijing officials will be implicated in the next round. The source said: Arrested at the end of 1993, Li Min was said to have committed suicide, and his family members were even issued a "death certificate." Many officials reportedly heaved a sigh of relief at the news of Li's death. Unexpectedly, the authorities announced at the end of last year and early this year that he had "attempted to commit suicide," but was still alive and subject to further investigation. This news has touched the raw nerves of many Beijing leaders.

The source said: After the relevant Beijing departments arrested the "gang of secretaries," the inside stories of many cases began to surface and become clearer, and the amount involved in the irregularities is growing. He added that more and more officials will be arrested or implicated. The central authorities plan to reorganize the Beijing leading body, and will take this as a "sample" and a focus in this year's reorganization.

Inner Mongolia Chairman on Market Economy

SK0704021895 Hohhot NEIMENGGU RIBAO in
Chinese 5 Mar 95 pp 1, 4

[Article by Wu Liji, chairman of the Inner Mongolia Autonomous Regional Government: "Study Theories Well, Emancipate the Mind, and Enhance the Ability for Managing the Market Economy"]

[FBIS Translated Text] The purpose of the study session held by the autonomous regional party committee was to make us devote a period of time to conscientiously conducting study and research on the theories on the socialist market economy. Recently, I again read Comrade Xiaoping's works and also read some expositions of western scholars. In my opinion, we should pay attention to two major points in order to understand the socialist market economy. That is, 1) making clear what socialism

is, and 2) how to treat the market economy. On socialism, Comrade Xiaoping said: "The essence of socialism is to liberate productive forces, develop productive forces, eliminate exploitation, eliminate polarization, and ultimately achieve common prosperity." It was exactly from the perspective of productive forces that Comrade Xiaoping put forward the thesis that China is still in the initial period of socialism, that he founded the theory on socialism with Chinese characteristics, and that he opened the gate for emancipating the mind. With little understanding of the market economy in the past, we bound together the market economy and capitalism just as we linked the planned economy to socialism. Comrade Xiaoping pointed out: "The planned economy is not equal to socialism because there is also planning in capitalism; and the market economy is not equal to capitalism because market forces also exist in socialism. Both planning and market forces are economic means." It was another significant theoretical breakthrough made by Comrade Deng Xiaoping that the market economy should also be developed in socialism. Judging from the perspective of this theory, the degree of emancipation of our minds still falls far behind some advanced provinces and regions. This can be seen in many aspects.

Our economic development strategy has yet to be further improved. The state has clarified the objectives for establishing the socialist market economy system; the autonomous regional party committee has made overall arrangements for the ideas for Inner Mongolia's economic development; and all leagues, cities, banners, and counties have also made corresponding plans and arrangements. However, how the autonomous region proceeds from its reality to organize the implementation and how the various localities proceed from their specific conditions to define their own development stages and priorities still needs to be further improved. Regarding this work, emancipating the mind is the key, and seeking truth from facts is the foundation. First, we should further expand our field of vision and thinking. The market economy is an open economy, and the entire country is a unified large market, which should also be linked to the world market. This requires that we maintain a broad field of vision that keeps the domestic and international climate in mind so as to reflect upon Inner Mongolia's economy in an all-round manner. When our field of vision is broadened daily, better ideas for development will come up; and we will truly be able to seize the opportunity to accelerate development. Second, we should understand and develop our advantages. Relatively speaking, Inner Mongolia is superior in resources and geographical position. However, these advantages can be developed only when they are based on reform and opening up, and they can become economic advantages only when they meet market demand. Take natural resources for example. We should no longer exploit whatever we have and start new projects at random. We should take market demand as the guide and emphasize

efficiency when we determine our development priorities. Third, we should properly handle the relationship between the central and local authorities and between overall interests and local interests. We must resolutely implement the line, principles, and policies formulated by the party Central Committee, and we must do so in a creative manner in line with Inner Mongolia's reality.

We should have the courage to explore the way forward in order to deepen reform. Regarding this work, we fall behind others in our thinking mainly because we lack three things. First, we lack resolution because we do not know how to deepen reform. Second, we lack enthusiasm because we do not advance when encountering obstacles. Third, we lack perseverance because we are unable to keep up when we come across setbacks. In other words, we lack genuine courage to blaze new trails, to experiment, and to take risks. We also lack the courage, resolution, and methods to handle specific issues in line with the principle of "three advantages."

We should achieve new breakthroughs in order to open wider. Since the 1980's, Inner Mongolia has made significant progress in opening to the outside world, breaking with the closed-door situation that had lasted for many years, establishing ties with the domestic and the world markets, and beginning to build a new pattern for opening border areas. This work, however, still falls far short of the strategic demands on Inner Mongolia's development of resources. Thanks to the state's economic development strategy designed to shift the priorities to the west and the implementation of this strategy, Inner Mongolia's energy and raw material development projects, most of which are state key projects, have greater demand for various essential elements of production, such as funds, technology, managerial expertise, and information. This requires that we achieve a new breakthrough in opening to the outside world. We should further overcome our fear of suffering losses and benefiting others, make continuous efforts to eliminate the barriers between different localities and different departments, embrace the new concepts of large-scale production, large-scale market, and large-scale circulation, formulate unified policies, pool efforts, and create a multi-layered and diversified new situation in opening to the outside world.

Development of the nonstate-owned sectors of the economy is the focus of the restructuring of the ownership system. It allows no doubt about keeping the public-owned sectors of the economy predominant when developing the socialist market economy, but this never means to exclude the development of other sectors. Our purpose is to establish an ownership structure that allows the coexistence of the various sectors of the economy while keeping the public-owned sector predominant. Inner Mongolia's current development of the nonstate-owned sectors of the economy, particularly township enterprises and the three types of foreign-funded enterprises, is far from sufficing. In view of this, we should thoroughly ignore the difficult question of whether our

moves are capitalist or socialist, have the courage to free ourselves from the shackles of the concepts of state-owned, collective, private, and individual enterprises as well as the three types of foreign-funded enterprises, treat all the different ownerships equally, and give a free hand to accelerating the development of Inner Mongolia's nonstate-owned economies.

The macroeconomic regulation and control must be strengthened. The market economy does not rule out the guidance of plans, and strengthening macroeconomic regulation and control is the major characteristic of the socialist market economy. In this work, our efforts and methods are not enough and our measures not effective. When faced with problems, our hesitation or application of administrative intervention as the only way shows that we have yet to truly change the fixed way of thinking of relying on administrative orders and the documents with headlines printed in red to control and regulate the economy, and that we have yet to acquire a profound understanding of the law governing the operation of the market economy. When developing the market economy, we must master, as soon as possible, the skills of employing economic, legal, and necessary administrative means to regulate and control the economy and see to it that unified planning does not lead to deadlock and lifting control does not lead to chaos.

We should speed up the growth of markets. Inner Mongolia was one of the earlier areas to call for intensifying the construction of the market system, and it has also done plenty of work to cultivate markets. The number, functions, and standing of its markets have been improved, and some of the markets have been expanded to a certain scale and become fairly famous. Judging from the demand of economic development on the market, however, Inner Mongolia still lags behind in building the market system. This is particularly reflected in its insufficient number of central markets. Performing the multiple functions of spot exchange trade, futures trade, wholesale, and retail sale, central markets serve as the bridge that connects to sources of business, goods, information, and channels, and that plays a great radiating role. Inner Mongolia has abundant resources, but most of the central markets for its major resource-related products are located outside the region. This shows that we still lack a sufficient understanding of the prominent position of circulation in the operation of the market economy.

We should increase the channels for collecting funds. A shortage of funds is a large, long-standing, and difficult problem restricting Inner Mongolia's rapid economic development, which requires efforts from various fields. Finance departments at all levels should put more efforts into broadening sources of income and reducing expenditure, with the focus on building township-level finance departments and managing extra-budgetary funds. Banking departments should work out more methods to increase the total amount of funds by asking for more funds from higher authorities and drawing in more

savings deposits from lower levels. Funds pooled by all quarters of society is also an important part we should not neglect. We should channel consumption funds to economic construction through various measures. Striving to establish local commercial banks and to import foreign-funded banks are also good and feasible methods.

We should have the courage to break with egalitarianism in the distribution of interests. Encouragement through interests is the foundation for the operation of the market economy, and the distribution mechanism should also comply with this principle accordingly. Comrade Xiaoping called for allowing some people to become affluent first and then leading others to achieve affluence together and allowing some localities to become prosperous first and then promoting the development of other localities. This strategic decision has been proven correct in practice. People should not feel jealous of the differences cropping up in the process of development, and government departments should all the more refrain from doing so. Trying to get benefits from everyone and every level and other unhealthy trends are all the manifestations of incorrect concepts about interests. We should have the courage to eliminate egalitarianism and, at the same time, learn the ability to employ economic policies to coordinate the relations between various sectors in terms of interests, stimulate the enthusiasm of all quarters, and facilitate the prosperity and development of the market economy.

We should embrace new ideas on the training and use of talents. As Comrade Xiaoping said, "whether we can discover and use talents is the key to the success or failure of our work." The market economy cannot be developed without a number of talents who have mastered the law governing the market economy. As leaders, we should embrace the new idea of relying on talents to develop the market economy, should abandon the traditional concepts of stressing seniority, demanding perfect, making concessions, and giving special consideration as well as other outmoded conventions and bad customs, should have the ability to discover the talents on the forefront of reform and opening up, and should have the courage to place comrades who have specialized knowledge, political integrity, and ability, in important posts. We should establish systems for the comrades with good work performance to achieve more and develop, and we create a good social environment for talents to show their talent.

We should carry out organizational reform in line with the needs of the market economy. Inner Mongolia's governments at all levels are in a period for tackling the most difficult problems in their organizational reform. Changing government functions is the key, and handling redundant personnel is a conspicuous difficulty. Regarding this work, we should advance in spite of difficulties. Complying with the demand for developing the market economy, all functional departments of the government must delegate the "surplus rights" to micro

management to lower levels, strengthen their macro management, and provide good service. Redundant personnel should be diverted persistently to the major battlefield of economic construction. Meanwhile, corresponding effective measures should be formulated to ensure the smooth progress of organizational reform.

In short, stressing the need to emancipate the mind and to seek truth from facts can be summarized as "relaxing control." It is an unprecedented undertaking to develop the market economy in the socialist conditions. We need to conduct exploration because there is no ready experience to follow. If we are afraid of negating others, afraid of bearing responsibility for our mistakes, and afraid of affecting our future because of fear of failure, how can we have a free hand in development? We should reiterate the principle of never seizing on others' mistakes, never attacking others, and never putting labels on others, and should allow people to experiment and to blaze new trails bravely within the scope prescribed by laws. As long as the leading cadres at all levels in the region have the ability to learn and the courage to practice, we will be able to lead the people of various nationalities throughout the region to attain the second-step strategic objective put forward by the new autonomous regional party committee.

Inner Mongolia Military Official Dies 11 Mar
SK0704063895 Hohhot NEIMENGGU RIBAO in Chinese 30 Mar 95 p 1

[FBIS Summary] Yun Yili, former political commissar of the Inner Mongolia Regional Military District, died from an illness in Hohhot on 11 March at the age of 73. Yun Yili came from Tumd Left Banner, joined in the guerrilla of Daqing mountainous area, and entered the CPC in December 1941. He worked in the post of deputy chief of staff of the Inner Mongolia Regional Military District and the posts of deputy political commissar and political commissar of the regional military district. He was a deputy to the first through fifth autonomous regional people's congresses. He was conferred with the rank of colonel in 1995.

Northeast Region

Reportage on Heilongjiang's Work Conference

Session Covered

SK1104080495 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 10 Apr 95

[FBIS Translated Text] At today's provincial work conference on the organizational reform and the promotion of the state's public service system, Wang Jiangong, deputy secretary of the provincial party committee, pointed out: Aiming at establishing the socialist market economy system, Heilongjiang will carry out the principle of separating government functions from business management and the principle of simplifying structures

and promoting unity and efficiency; will see to it that government functions are changed, the relationship between various sectors is brought to better balance, organizations are streamlined, and efficiency is improved; and will establish a multi-purpose, reasonably structured, flexible, and highly efficient administrative system that can be operated in a coordinated manner and that conforms to and promotes the development of the socialist market economy system and the modernization drive.

Wang Jiangong said: The implementation of the organizational reform and the promotion of the state's public service system are prerequisites for accelerating the establishment of the socialist market economy system, urgent needs in improving the economic development environment and rationalizing and implementing the general idea for economic development, and also important measures for improving the work styles of organizations and for enhancing the unity of the party and the government. Heilongjiang's organizational reform and the work to promote the state's public service system will officially start after this conference. Party and government organizations are the focus of the current organizational reform. They should truly transform their functions in line with the principle of separating government functions from the management of enterprises and institutions. Except for some departments that need to carry out the organizational reform in different steps, all organizations should implement organizational reform strictly according to Heilongjiang's organizational reform plan approved by the central authorities. They should be merged, have their functions transformed, disbanded, or change their subordinating relations when necessary. Meanwhile, nonpermanent organizations should be rectified successfully. All localities and all departments should accomplish their task of reducing above-quota personnel according to regulations. First, their administrative staff should not exceed the state-stipulated quotas. Second, their total administrative staff and (related) staff covered by financial allocations should be fewer than the total number of the personnel whose expenses are currently covered by financial allocations. All localities and all departments should adopt effective and feasible measures to place unemployed personnel through various methods and channels.

Wang Jiangong emphasized: In organizational reform, we should also conscientiously carry out the organizational reform of the people's congresses, Chinese People's Political Consultative Conference committees, courts, procuratorates, and mass organizations at all levels. We should study and formulate specific plans for the organizational reform of institutions, define in a reasonable manner the responsibilities of party and government organs and their subordinate institutions, accelerate the socialization of the institutions, and streamline the personnel of institutions to gradually reduce the administrative spending covered by financial allocations.

Wang Jiangong said: Heilongjiang's public service system should be promoted simultaneously with organizational reform. We should conscientiously enforce the state's provisional regulations on public servants, strictly adhere to the system of employing public servants through examinations, and implement the principle of open employment through competition on an equal footing to select the superior, as well as the criterion of selecting those who have both political integrity and abilities.

Wang Jiangong emphasized: Party committees at all levels should attach great importance to organizational reform and the work to promote the state's public service system and carry them out successfully. All localities and all departments should act strictly according to regulations and never seize on organizational reform to wantonly establish new organizations, to recruit more personnel than the prescribed quotas, to promote cadres suddenly, to confer titles at random, to distribute money and materials, or to travel with public expense. They should conscientiously carry out ideological and political work among the personnel involved. Favorable conditions should be created to provide necessary support to the comrades who volunteer to work at enterprises and institutions. Preferential policies should be employed for those who retire or resign early. Necessary administrative support and preferential policies should be provided for those who establish or lead enterprises, particularly those who develop nonstate-owned sectors of the economy.

Attending today's conference were provincial leaders Yue Qifeng, Sun Weiben, Zhou Wenhua, Wang Jiangong, Ma Guoliang, Meng Qingxiang, and Li Qinglin.

Secretary Holds Forum

SK1104080695 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 10 Apr 95

[FBIS Translated Text] This morning, Yue Qifeng, secretary of the provincial party committee, held a forum on how to accelerate Heilongjiang's organizational reform with the mayors and commissioners of 14 cities and prefectures and the persons in charge in the provincial organization committee and the land reclamation administration, who were attending the provincial conference on organizational reform and the promotion of the public service system.

Yue Qifeng pointed out: How the land reclamation administration, the forest industry bureau, the coal administration, and the Daqing Oil Field carries out organizational reform remains a conspicuous issue in Heilongjiang. It should be said that the organizational system taking shape under the planned economy has played a certain role in history. However, this system becomes obviously incompatible upon entering the socialist market economy. Left unchanged, the system is bound to hinder not only Heilongjiang's economic development but also the economic development of the departments under it.

Yue Qifeng said: Some departments are unwilling to change their organization. This is a reflection of outmoded ideas. Their purpose is nothing other than safeguarding their own interests. They should give heed to the opinions of ordinary people. Heilongjiang's organizations have come to a stage where they must be changed. We should conduct investigation and study, draw up plans, make breakthroughs in key areas, and achieve success in experiments. The general idea is to separate government functions from business management.

Speaking on the organizational reform of prefectures, cities, and counties, Yue Qifeng said: We should not wait any longer. In line with the principle of reform, opening up, development, and stability, we may conduct experiment on the placement of laid-off personnel. Harbin city may go ahead of others, reforming whatever needs to be reformed. In carrying out the organizational reform, it should proceed from whatever is compatible with the socialist market economy system and whatever is conducive to faster economic development.

Yue Qifeng pointed out: The present organizational reform should be coordinated with the discussion on improvement of the environment for economic development, with the implementation of the target responsibility system, and with the rectification of the work styles of departments. The better this work is performed, the better Heilongjiang's economy will be promoted.

In conclusion, Yue Qifeng said: The purpose of Heilongjiang's organizational reform and promotion of the public service system is to streamline organizations, divert laid-off personnel, better balance the relationship between various sectors, rationalize the systems, define responsibilities and powers, clarify functions, change work styles, provide better service, improve the environment, and promote stability and development. No chaos is permitted.

Delegates to the forum offered some good opinions. They pledged to implement the guidelines of the conference in line with the requirements of the provincial party committee and government, carry out the organizational reform successfully in line with specific local conditions, and promote faster economic development.

Present at the forum were provincial leaders Sun Weiben, Zhou Wenhua, Wang Jiangong, Ma Guoliang, Meng Qingxiang, and Li Qinglin.

Jilin Secretary's Review of Central Guideline

SK1104000695 Changchun JILIN RIBAO in Chinese 8 Mar 95 p 1

[By special correspondent Liu Li (0491 0500): "Further Achieve Understanding and Grasp the Whole Situation in the Course of Practice"]

[FBIS Translated Text] At the Second Session of the Eighth National People's Congress [NPC] one year ago,

He Zhukang, secretary of the provincial party committee and chairman of the provincial people's congress, delivered a speech on the special topic of how to understand the 20-character guideline put forward by the central authorities with regard to "seizing the opportunity, deepening the reform, broadening the opening up, to promoting the development, and maintaining the stability". Through the practice and summarization conducted over the past year, he has achieved more overall, deeper, and riper understanding and gains on the guideline. At the group discussion on the government work report made at the Third Session of the NPC, He Zhukang again voiced his own understanding and opinions on the guideline.

In the course of practice, we should continuously deepen the understanding and grasping on the 20-character guideline.

Under the international turbulent and complicated situation and under the reinforcement of dynamics in the domestic reform in 1994, Jilin province maintained a good development trend based on the higher scale of its national economic growth in 1993 and showed a 14.1 percent increase in GNP over 1993. Reforms in various fields achieved smooth progress and various undertakings achieved overall development. One of the most important reasons why the province has scored such achievements lies in firmly grasping the central authorities' 20-character guideline. Practice has shown that only by grasping this whole situation can we arrange the work in various fields scientifically and expedite these work harmoniously and in stable manner. No matter what difficulties we have encountered in the course of advance, we can occupy a commanding position by grasping the whole situation; have a foresight in the course; take the overall situation into consideration; and gain the initiative in work. The 20-character guideline represents the scientific summarization conducted by the CPC Central Committee in its experience gained in reform and opening up over the past dozen years and also represents a guiding principle for us to conduct our work in various fields for quite a long period in the future. We must continuously deepen the understanding and grasping on the guideline in the course of practice.

The core of 20-character guideline is development.

The 20-character guideline is an organism and its core is development. In grasping the whole situation, we should first have development in our minds; and enable the guideline of seizing the opportunity, deepening the reform, broadening the opening up, and maintaining the stability, to promote development. Various localities and departments should meditate and arrange their work in line with development. Currently, both reform and development have entered a new stage. In shifting the focus of development to upgrading the quality and effects of economic growth, we should also achieve relative changes in our work so as to enable the economic development to reach a new level.

The key to grasping the whole situation lies in dealing with the relations among reform, development, and stability.

We should not only have a strong sense in accelerating the development but also carry out systematic meditation and grasp the internal link among reform, development, and stability so as to enable them to coordinate and help one another forward. Special attention should be paid to studying the major links and problems cropping up in the work done in different periods and by different localities and departments. In line with the objective situation, we should pay particular attention to reform, development, and stability and make a breakthrough in key points so as to enable them to bring along or promote the work of whole situation.

In grasping the whole situation, it is imperative to safeguard the authority of the CPC Central Committee.

The 20-character guideline represents the unity of reform, development, and stability and also the unity of multiple interests enjoyed by various localities and departments. A basic demand for grasping the whole situation is to resolutely safeguard the authority of the CPC Central Committee. In the final analysis, we should deal with problems from the high plane of the entire party and country and by proceeding from the fundamental and overall interests of the party and people. Any important thing conducted by one province, one industry or trade, and one department should belong to the partial of the whole situation. Therefore, various localities and departments should take the national overall situation into consideration in formulating their plans and measures. Leadership at all levels should not only understand this point and consciously implement it, but also educate the broad masses of cadres and people to be able to understand it and consciously implement it. Only having the whole situation achieve development and stability can we ensure development and stability in the partial one. All things favorable for the whole situation in the country as a whole, we should resolutely carry them out and should not do resolutely those unfavorable for the whole situation.

In grasping the whole situation, it is necessary to enhance the sense in opportunity.

The whole situation represents a dynamic and open system. In grasping the whole situation, it is necessary to enhance the sense in opportunity. An opportunity is an objective environment that can provide favorable conditions for developing things. In conducting reform and seeking development, we cannot separate from opportunities that are objective conditions. A sense in opportunity actually represents an outlook of seeking truth from facts related to development and also represents the specific reflection to the development issues in the Marxist theory of reflection. Therefore, seizing the opportunity requires that we have an active mental attitude of forging ahead when grasping the whole situation. We must not wait for and not rely on the higher

authorities in this regard, must actively go into action, must make full use of various favorable conditions and particularly some fleeting conditions, and must advance on the crest of the situation so as to get twice the result with half the effort.

What is most important for us to implement the 20-character guideline is practice.

Grasping the whole situation represents a leading behavior. The key to determining whether we can accurately discern and analyze the situation, take the overall situation into consideration, and successfully conduct the work of our locality and department, lies on the leading bodies at all levels as well as on the quality and subjective activity of leading bodies. Therefore, to enhance the construction of leading bodies, we should enable every leading staffer to be based on the whole situation in doing things; to make efforts in work; to think of the whole situation; to take the overall situation into consideration; to discuss big issues; to do practical deeds; and to continuously upgrade their leading level in the course of practice.

Northwest Region

Gansu Water-Diversion Project Nears Completion

OW1104093395 Beijing XINHUA in English 0859
GMT 11 Apr 95

[FBIS Transcribed Text] Lanzhou, April 11 (XINHUA)—A major water diversion project directing water from the Datong River in Qinghai Province to Qinqiangchuan near Lanzhou, capital of northwest China's Gansu Province, has entered its final stage and is expected to be completed at the end of this year.

The project, which was granted 123 million U.S. dollars in loans by the World Bank, extends 87 km, 75 km of which are tunnels, which makes the project the largest in scale and the most difficult water-conservancy project in Gansu.

The major channel was put into operation last October and about 7,000 ha of land were irrigated last winter

through the efforts of a dozen construction companies from China, Japan and Italy.

At present, more than 2,000 construction workers are busy with the construction of another channel, with 18 aqueducts which extend five km in total length. One of the aqueducts will cross a river and two major railway lines and be 2,100 meters in length, the longest of its kind in China.

Qinqiangchuan is rich in land resources. But annual precipitation in the area is less than 300 mm, which has hindered agricultural development.

With the construction of the water-diversion project, it will be possible to irrigate 530,000 ha of land by the year 1997.

Xinjiang Promotes International Transportation

OW1104081995 Beijing XINHUA in English 0746
GMT 11 Apr 95

[FBIS Transcribed Text] Urumqi, April 11 (XINHUA)—Northwest China's Xinjiang Uygur Autonomous Region is leading the country in international highway transportation.

According to the chairman of the region, Abdulahat Abdurixit, Xinjiang, which is the bridgehead linking the east and west of the Eurasian Continental Bridge, has the longest international transportation highway routes among all the provinces in the country.

In recent years, cross-border transportation flourished as a result of booming trade between Xinjiang and the Central Asian countries.

The 1,178-km international highway linking Yining in western Xinjiang and Kazakhstan is China's longest international highway route.

After years of construction, now the region has a total of 25 routes of international transportation highways, which have helped increase the passenger and goods handling volume by eightfold compared to 1993.

Editorial on Li Teng-hui's Reply to Jiang's Speech

*HK1104063695 Hong Kong WEN WEI PO in Chinese
10 Apr 95 p A2*

[Editorial: "Comment on Li Teng-Hui's Remarks on Cross-Strait Relations"]

[FBIS Translated Text] Two days ago, Taiwan's "National Unification Council" held its first meeting of the year. Li Teng-hui made a lengthy speech after the conclusion of the meeting. Earlier, the Taiwan authorities had openly hinted that Li would respond to Jiang Zemin's important speech on cross-strait relations. Li's 3,000-character speech can be seen as the Taiwan supreme authorities' official response to Jiang's speech, and as Taiwan's policy on mainland and cross-strait relations.

Li came up with a six-point proposal: 1) The two sides should pursue unification based on the reality that "the two sides are governed respectively by two governments"; 2) Strengthening bilateral exchanges based on Chinese culture; 3) Enhancing trade and economic relations to develop a mutually beneficial and complementary relationship; 4) Ensuring that both sides join international organizations on an equal footing, and that leaders of both sides meet in a natural setting; 5) Adhering to the principle of resolving all disputes by peaceful means; 6) The two sides should jointly safeguard prosperity, and should promote democracy in Hong Kong and Macao.

Jiang's New Year's Eve speech was considered by all sectors, on both sides of the Taiwan Strait and overseas, as being full of originality. Li's six-point proposal, however, contains nothing new compared with Jiang's pronouncements. Of the six points, the second and third ones, namely "strengthening bilateral exchanges based on Chinese culture" and "enhancing trade and economic relations to develop a mutually beneficial and complementary relationship," show that Li and Jiang have a consensus in this regard, and these things are exactly what the two sides are mainly doing, which is the outcome of a successful struggle by the people on both sides of the Taiwan Strait to have the Taiwan authorities remove their restrictions. The first, fourth, and fifth points reveal that Li is still content to retain sovereignty over a part of the country, refusing to give up the pattern of divided rule. He also insisted that the mainland denounce the use of force, an old tune he has played for many years.

Jiang's proposal to hold cross-strait talks with "one China" as the prerequisite and basis has been decided by Chinese history, Chinese national culture, and the current international situation, while Li's proposal to "pursue unification based on the reality that the two sides are governed respectively by two governments," in fact, makes "divided rule" the precondition for unification. At the same time, Li also called for the mainland to

promise not to use force, making it another precondition for cross-strait talks on formally terminating hostilities between them. Does Li actually "pursue China's unification," or otherwise, by insisting on "divided rule" and on "joining international organizations on an equal footing?" On this point, people can make their own judgment. The principle of refraining from promising not to use force has been stressed by the mainland on many occasions, and has been proven to be a correct principle by contemporary Chinese (also Taiwan) history. Taiwan once was occupied by Japanese imperialism for more than half a century. It was separated from the mainland after it was recovered, and was once seen as an "unsinkable aircraft carrier" in the U.S. strategy for the Asia-Pacific region. Over the last few years, with the connivance of the Taiwan authorities, the pro-independence forces in Taiwan have become increasingly rampant. They have tried to separate Taiwan from the motherland, and set up a "new and independent state," covertly or overtly supported by a large number of people abroad. Under the circumstances, if the mainland were to commit to renouncing the use of force, it would serve to encourage those forces that demand "Taiwan independence," and would bind itself hand and foot. The fact that the Russian central government used force against Chechen splittist armed forces can prove that in the international community, no government will sit idly by and remain indifferent to splittists' attempt to divide the country.

Li's last proposal, to "jointly safeguard prosperity, and to promote democracy in Hong Kong and Macao," was designed to raise obstacles. The Chinese Government has signed joint declarations with the British and Portuguese Governments, under which China will recover its sovereignty over the two territories, which are now in the second half of the transitional period, in 1997 and 1999 respectively. Before China regains its sovereignty over the two territories, the Hong Kong and Macao issues are matters between the Chinese Government, and the British and Portuguese Governments, respectively, and thereafter they will be China's internal affair. Taiwan's economic and cultural interests in Hong Kong and Macao will enjoy the protection of the Hong Kong and Macao Basic Laws. By adding the Hong Kong and Macao issues to his response to Jiang's speech on the cross-strait relationship, Li digressed from the subject, and suggested that the Taiwan authorities have an axe to grind. When the mainland entered into negotiations with the British Government over Hong Kong's future in 1983, Taiwan did not support the mainland in the interest of China's unification, and even went so far as to announce that it would not acknowledge any agreement on Hong Kong. After the joint declarations were signed and the basic laws published, Taiwan came out against them once and again, attacking the Basic Laws and the principle of "one country, two systems," and alienating Hong Kong compatriots from the Chinese Government. Taiwan's attempt to meddle in Hong Kong's affairs in the second half of the transitional period reveals its

malicious intentions with regard to Hong Kong's prosperity and stability. In the meantime, Taiwan is not in a legitimate position to meddle in Hong Kong's affairs, or with the formation of the Special Administrative Region and its operation according to the Basic Law.

Taken together, Li's response to Jiang's speech serves to place obstacles to developing cross-strait relations, terminating the hostilities, and promoting China's peaceful unification, rather than otherwise.

Editorial Examines Taiwan's Response to Speech

HK1104070095 Hong Kong TA KUNG PAO in Chinese 10 Apr 95 p a2

[Editorial: "Face Reality and Promote Cross-Strait Exchanges"]

[FBIS Translated Text] On the eve of this year's Spring Festival, CPC Central Committee General Secretary Jiang Zemin put forward his eight-point principle, and his position on the development of relations between the two sides of the Taiwan Strait, as well as on advancing the process of the peaceful reunification of the country in the present stage. After more than two months, Kuomintang Chairman Li Teng-hui gave a speech last weekend at the meeting of Taiwan's new Committee for National Reunification, and expressed his six-point position, which was regarded as his comprehensive response to Jiang Zemin's initiative. Now, people can compare both "Jiang's eight points" and "Li's six points," thus sizing up the current situation, and foreseeing the possible changes and developments in cross-strait relations for a certain period to come. The Chinese people had a bitter and painful experience in the past, and now face the opportunity of effecting national regeneration. All compatriots, at home and abroad, hope to see that national reunification will be realized at an early date. No patriotic people wants to see national reunification delayed indefinitely.

The maintenance of the "one China" principle is the foundation and prerequisite for the realization of peaceful reunification. This principle has been accepted by all patriotic compatriots, is placed in a position of primary importance, and is upheld throughout all the proposals in "Jiang's eight points." In the six points Li Teng-hui expressed on Saturday, the first one is to "seek China's reunification within the reality of separate governments on the two sides." The phrase did not mention "split and separate government," only "separate government." Li held that "objectively facing this reality will enable both sides to achieve greater consensus of opinion on the meaning of one China." However, in other places in his speech, Li Teng-hui obviously separated the "sovereignty over Taiwan, Penghu, Jinmen, and Matsu" from that over the mainland. Facing reality squarely and seeking truth from facts certainly should be the basic starting point for Chinese people to approach various issues. The objective reality is that there is only one China; Taiwan, Penghu, Jinmen, and Matsu all are part

of China; and China's sovereignty and territory brook no separation. Any opinion about separating China's sovereignty and territory certainly will meet with the joint opposition of the Chinese people on both sides of the strait, and is absolutely untenable and unrealistic.

"Jiang's eight points" seriously propose the holding of political talks. Being the first step, Jiang proposed that the two sides hold talks on "officially terminating the hostility between them under the principle of one China," and reach an agreement on this. The proposal has proven very popular. The Chinese people—including compatriots in Taiwan, Hong Kong, Macao, and in overseas areas—all hope that the two sides will officially terminate their hostility, and will strengthen and consolidate the peaceful and propitious atmosphere over the Taiwan Strait, thus removing the ominous shadow in the minds of the people on both sides in their exchanges, and bringing about greater development in economic and trade cooperation. "Li's six points" indicate that "the issue of terminating the hostility will be considered and planned, and that preparatory consultations may be conducted for the talks on how to terminate the hostility between the two sides at the best time, namely, after the CPC officially announces its decision to give up the use of force against Taiwan, Penghu, Jinmen, and Matsu." It should be noted that being president of the state and chairman of the Central Military Commission, Jiang Zemin announced that "Chinese people do not fight Chinese people," and force will never be used against the Taiwan compatriots. This is a solemn promise, and has won extensive understanding and support. In fact, people do not think that the Chinese mainland will use force against Taiwan. Now the time has come for officially terminating the hostility between the two sides of the strait. Our compatriots at home and abroad do not want to see the talks on this issue obstructed by obstacles and preconditions set by any people.

"Jiang's eight points" also propose the exchange of visits between leaders on both sides for the purposes of either discussing major national affairs, or simply going around and seeing things on the other side. Jiang stressed: "We Chinese people can handle our own affairs on our own, and do not need to seek the help of any international occasions." However, "Li's six points" do not respond to the proposal on exchanging visits, so people may have to wait patiently. However, Li Teng-hui proposed that leaders on both sides may "meet each other naturally when attending (international) meetings," and said that this would "show to the world that Chinese people, being free from the influence of their political differences, still have a broad-minded attitude toward making joint contributions to the international community." Li Teng-hui should have fully tasted the difficulties in attending an international conference because it is absolutely unacceptable to create "two Chinas." We do not want to say more about this here. If the leaders on the two sides of the strait cannot meet on their own territory, and can only "meet naturally" in a foreign country, what kind of

"broad-minded attitude" would be shown to the world? Would this become just a joke for foreigners? The two sides of the strait are so close to each other geographically, they should begin the exchange of visits as soon as possible. It is completely unrealistic to go to a foreign country to meet rather than going directly to each other's places.

"Li's six points" mention the need to strength cultural, economic, and trade exchanges between the two sides.

This coincides with "Jiang's eight points." Since there are common points, the pace of advance should be quickened. "Jiang's eight points" mention the signing of a people-to-people agreement on protecting the rights and interests of Taiwan investors, and this is worth a positive response from the Taiwan side. The two sides may put forward more positive and constructive proposals in order to promote cross-strait exchanges. This is what the entire Chinese people are glad to see.

Coverage of Defense Minister's Recent Statements

Calls For Increased Spending

OW1104020295 Taipei CNA in English 0108 GMT
11 Apr 95

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, April 10 (CNA)—Minister of National Defense Chiang Chung-ling Monday [10 April] called for continued military expenditures despite an easing of tensions between Taiwan and the Chinese Mainland.

Answering questions at the Legislative Yuan, Chiang said that rather than scaling back military spending, the government should beef up military expenditures to ensure Taiwan's national security.

"Even if the two sides sign a peace agreement, Taiwan must have a strong deterrent force of its own," Chiang said in reply to Kuomintang legislator Li Ming-kao's inquiry on the legislative floor.

Chiang questioned the wisdom of cutting military outlays while the Chinese communists have been striving to expand its three armed forces. Western military experts put the mainland's yearly military spending at around U.S.\$24 billion, more than double Taiwan's U.S.\$10.31 billion.

Li, along with Democratic Progressive Party legislator [name indistinct], asked whether President Li Teng-hui's six-point statement insisting on the peaceful unification of China indicates that military spending is due to be scaled back.

"Only a strong military force can bring Taiwan greater say in bargaining with the Chinese mainland," Chiang replied.

Also answering questions at the legislature, Vice Minister of National Defense Shen Fang-ping admitted that the reduction of military spending by NT\$10.5 [new Taiwan dollars] billion (U.S.\$416.66 million) over the last two fiscal years has forced the military to delay the purchase of some warships, combat aircraft and air defense missiles.

Views Spratly Issue, Developments

OW1104100095 Taipei CHUNG-YANG JIH-PAO in Chinese 11 Apr 95 p 4

[FBIS Translated Excerpt] Minister of National Defense Chiang Chung-ling said yesterday: The South China Sea region is our inherent territory. Our government has stationed marines on the Spratly island of Taiping since 1956. Except for the regular activities of ferrying supplies to the island, the Navy has no plans to send troops to the region to flex its muscles.

Fielding questions from Democratic Progressive Party [DPP] legislators Yeh Yao-peng and Tsai Tung-jung at

the Legislative Yuan National Defense Committee's 1996 Defense Budget Review Session, Chiang Chung-ling said: President Li Teng-hui's speech does not clash with our South China Sea sovereignty claim, because the region is a part of our territory. Looking at the issue from an economic perspective, President Li hopes that the international community will jointly develop the region through peaceful means.

Answering legislator Hung Chi-chang's question, Chiang Chung-ling pointed out: The building of the second-generation armed forces is being carried out as planned. After the 130 IDFs [Indigenous Defense Fighters], 160 F-16 fighters, and 60 Mirage 2000 fighters are commissioned and the "Powerful Network Plan" is implemented, the gathering of relevant information and the operation of air command will be very helpful to our air defenses.

He said: We are assessing other methods, aside from the use of the Patriot missile procured from the United States, to tackle the interception of the Chinese Communist's medium-range ballistic missiles. The Tienkung Interceptor Missile I and II developed by the Sun Yat-sen Academy of Science are unable to intercept the medium-range missiles. This proves that we have overcome the obstacles to purchasing the Patriot missiles from the United States. [passage omitted]

Marine Police To Continue Pacific Patrols

OW1104050695 Taipei CNA in English 0125 GMT
11 Apr 95

[By Benjamin Yeh]

[FBIS Transcribed Text] Kaohsiung, April 10 (CNA)—Despite a recent setback in patrolling the tense South China Sea, Taiwan's Marine Police will continue with plans to send patrol boats to the North Pacific Ocean, a vital fishing ground for Taiwan fishermen, a police officer said Monday [10 April].

"We have been asked to conduct a routine fisheries protection mission by the Council of Agriculture," the police officer said, but he added that the departure of the ships may be postponed.

Over the last six years, Marine Police have dispatched patrol boats to the North Atlantic where Taiwan fishing boats fish for tuna and squid from March through November.

The patrol boats assigned to conduct the mission include an 800-ton ship and two 400-ton vessels, all lightly armed.

"The policemen on board will be armed with 0.9 mm hand guns, M-16 automatic rifles and Uzi submachine guns," the officer said.

The three vessels may be resupplied in Hawaii and Japan.

The Marine Police last month intended to send the three patrol boats to the Spratlys but later dropped the plan, citing escalation of tensions in that area which is wholly or in part claimed by the the Republic of China, the Chinese Mainland, the Philippines, Vietnam, Malaysia and Brunei.

The ROC [Republic of China] stations troops on Taiping Island, the largest island in the Spratly chain.

Li Meets With U.S. Senator Robb, Views Issues

OW1104110495 Taipei CNA in English 0941 GMT 11 Apr 95

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, April 11 (CNA)—President Li Teng-hui said Tuesday [11 April] that his recent address to the 10th session of the National Reunification Council underscored Taiwan's desire to boost exchanges and cooperation with Mainland China on the principles of peace, reason, parity and reciprocity.

"We hope the two sides will maintain reason and peace, and will discard meaningless suspicion and struggle," Li said while meeting with U.S. Senator Charles Robb (D-VA), who arrived in Taipei Monday for a brief visit.

Li said although the hostility and misunderstanding developed over more than 40 years of separation and confrontation are not likely to disappear overnight, both sides should adopt a fresh outlook and take a pragmatic approach to foster genuine harmony and create a favorable climate for China's eventual unification.

Noting that there is still a big gap between the two sides of the Taiwan strait in political and economic development, Li said Taiwan does not like to see social unrest on the mainland and hopes to see democracy and a market economy flourishing there.

Li further said he hopes leaders on both sides can meet in a natural setting to foster a harmonious atmosphere for developing future relations. "I believe if leaders of both sides are able to meet each other naturally at international occasions, this would certainly help dispel enmity between the two sides, nurture trust and lay the groundwork for cooperation through consultation in the future."

Li also renewed his call on mainland leaders to renounce the use of force against Taiwan, thus paving the way for formal negotiations between both sides to put an end to the state of hostility.

On relations with the United States, Li said he hopes the American Government will support Taiwan's early entry into the World Trade Organization, formerly known as the General Agreement on Tariffs and Trade (GATT).

"We have made strenuous effort to reform our trade regime to meet GATT requirements," he said. "We need American support and assistance to join GATT at an early date."

Li expressed his gratitude for U.S. Congress support for his visit to America, saying the hospitality shown to him by the American people and Congress reflects long-standing friendship between the two countries.

On the Spratlys issue, Li reaffirmed Taiwan's commitment to resolving all related disputes by peaceful means. "It is our established policy to promote cooperation among countries in the region to exploit resources in the South China Sea and to protect the ecology of this vast ocean expanse," he noted, adding the Republic of China [ROC] does not want to see any military conflict over the Spratlys.

Sen. Robb was accompanied by B. Lynn Pascoe, director general of the Taipei office of the American Institute in Taiwan, and Wu Poh-hsiung, secretary-general to the president, during his meeting with Li.

Ku-Wang Meeting May Discuss Li's Statement

OW1104043595 Taipei CNA in English 0154 GMT 11 Apr 95

[By Y.C. Tsai]

[FBIS Transcribed Text] Taipei, April 10 (CNA)—Taiwan is willing to further explain president Li Teng-hui's six-point statement on relations with Mainland China during the second meeting between Taipei-based Straits Exchange Foundation (SEF) chairman Ku Chen-fu and Wang Daohan, head of the mainland's Association for Relations Across the Taiwan Strait (ARATS), a top official in charge of mainland affairs said Monday [10 April].

Hsiao Wan-chang, chairman of the Mainland Affairs Council, pointed out that although discussion of bilateral visits by Taiwan and mainland leaders is not on the agenda for the second Ku-Wang meeting, the heads of the two semi-official organizations might discuss the subject if the mainland has any doubts about President Li's statement.

Li called for the leaders of Taiwan and the mainland to meet at international occasions while addressing the National Unification Council, an agency established in 1990 to map out strategies for China's eventual unification, on April 8.

Such meetings will surely help reduce hostility and increase mutual trust and thus lay a sound foundation for future negotiations on cross-Taiwan Strait cooperation, Li said.

Li's speech, a six-point statement, is viewed as his first formal response to mainland President Jiang Zemin's eight-point proposal toward improving cross-strait ties.

Jiang, in a speech delivered in Beijing on lunar new year's eve, appealed for exchange of visits by Taiwan and mainland leaders.

Hsiao, however, stressed that the possibility of further communication on the topic at the second Ku-Wang meeting does not mean that the SEF will take the initiative to place the topic on the agenda.

Hsiao made the remarks during a nationwide news program produced by the Taipei-based Broadcasting Corporation of China.

The exact date for the second Ku-Wang meeting has yet to be set. Ku and Wang met for the first time in Singapore in April 1993 after SEF and ARATS were set up in 1991 to handle cross-strait relations. The first Ku-Wang talks marked the highest-level contact between Taiwan and the mainland since the Kuomintang-ruled government moved to Taiwan in 1949.

U.S. Urged To Crack Down on Gun Smuggling

*OW1104110695 Taipei CNA in English 0909 GMT
11 Apr 95*

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, April 11 (CNA)—Taiwan hopes the United States will strengthen inspection of Taiwan-bound cargo containers to prevent arms smuggling, a senior police officer said Tuesday.

Wang Chun, director of the Criminal Investigation Bureau, said America has become a major arms supplier to Taiwan's criminal rings, posing a serious threat to local society.

Wang said more than 400 guns have been smuggled into Taiwan from the U.S. over the past few years, adding most major shooting cases here involved the use of U.S.-made 0.9-mm handguns.

The police seized 30,000 rounds of ammunition for 0.9-mm handguns and submachine guns smuggled into Taiwan from the U.S. last week by a criminal ring headed by Tseng Chin-ting. Wang said Tseng's group was believed to have successfully smuggled 20 U.S.-made 0.9-mm pistols into Taiwan in February.

Wang said Taiwan gangsters used to smuggle arms from Mainland China, but the distribution channels there have been cut in recent years. As a result, local underworld elements have turned to the U.S. for supplies of contraband guns and ammunition. The U.S. does not impose strict restrictions on arms dealings and Taiwan gangsters usually pose as businessmen to deal with U.S. weapons traders.

Wang said he will ask U.S. law enforcement authorities to intensify crackdowns on illegal arms dealings and to tighten checks on Taiwan-bound cargo containers.

"We also hope American authorities will help track U.S. arms suppliers, their backgrounds and arms trafficking

channels as well as help arrest underworld Taiwan arms dealers hiding in America," Wang said.

Vice Minister Meets Saudi Arabian Official

*OW1104110895 Taipei CNA in English 0844 GMT
11 Apr 95*

[By Kuo Ping-ying and Danielle Yang]

[FBIS Transcribed Text] Riyadh, April 10 (CNA)—Visiting Republic of China (ROC) Vice Minister of Economic Affairs S.J. Li met with Saudi Arabian Economics Minister Mohammad al-'Ali Aba-al-Khayl Monday [10 April].

During the meeting, Aba-al-Khayl told Li that he hopes the ROC can strengthen economic and trade ties with Saudi Arabia, and Li said he hopes the two sides can cooperate with each other.

Earlier in the day, Li visited the Chamber of Commerce and Saudi Arabia's state-run enterprise leaders. Li was accompanied by ROC representative to Saudi Arabia Yeh Chia-wu.

Li is in Saudi Arabia on the first of a five-nation 21-day tour of the Middle East, which will also take him to Oman, the United Arab Emirates, Jordan and Turkey.

Li's entourage includes officials from the Ministry of Foreign Affairs, the Board of Foreign Trade, the International Cooperation Department, the Investment Commission, the Kuomintang Business Management Committee, and the state-run Chinese Petroleum Corp., Taiwan Fertilizer Corp., and Taiwan Power Co.

Guinea-Bissau President Visits Institute

*OW1104102895 Taipei CNA in English 0848 GMT
11 Apr 95*

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, April 11 (CNA)—Guinea-Bissau President Joao Bernardo Vieira visited the vocational training center in Taichung Tuesday to learn more about Taiwan's vocational training development.

Accompanied by Vice Foreign Affairs Minister Huang Hsiu-jih, Vieira was given a briefing by Director-General Lin Tsong-ming of the Employment and Vocational Training Administration and viewed a slide show detailing Taiwan's vocational training program.

Vieira also visited experimental plants at the training center. Guinea-Bissau wants to make use of Taiwan's vocational training experience to boost productivity, he said.

Vieira later visited the Taiwan Agriculture Research Institute and was briefed on Taiwan's agricultural products development.

The African head of state arrived in Taiwan April 7 for a week-long state visit. This is Vieira's second Taiwan visit since the two countries forged official diplomatic links in May 1990. He is scheduled to leave Thursday.

Hong Kong

Legislators 'Remain Unhappy' Over Incursion

HK1104070495 Hong Kong HONGKONG STANDARD
in English 11 Apr 95 p 2

[FBIS Transcribed Text] Five minutes of video footage has failed to silence legislators who remain unhappy with the government's response to an incursion by Chinese security officers into Hong Kong waters last month.

Members of the Legislative Council Security Panel, who saw the video at police headquarters yesterday morning, now want to know why only five minutes were shot during the two-hour standoff between Marine Police and their Chinese counterparts.

On 18 March Chinese security officers boarded two Hong Kong vessels they suspected of smuggling, while the boats were still in Hong Kong waters. A Marine Police vessel that went to investigate the incident was ignored by the mainland officers, who eventually headed out of Hong Kong waters, taking the two vessels with them.

Chairwoman of the panel Selina Chow said the police video did not provide clear evidence that the Chinese police had pointed a gun at the Marine Police vessel.

"The conclusion that we can draw is that there was an encounter in Hong Kong waters, that in spite of attempts by the Hong Kong police, they did not achieve what they set out to do," Ms Chow said.

"They requested to investigate into the lighter. They wanted an opportunity to talk to the people concerned on the boat. They were not in fact given access but beyond that, the sort of gunpoint confrontation was not seen." Ms Chow said members wanted clarification from the police on several issues. "What in fact is the legal position regarding innocent passage?" she asked.

Deputy chairman of the security panel, James To, said he was disappointed with the video which he said only raised more questions. "The whole duration of the encounter in Hong Kong waters lasted about two hours, but the video camera just filmed the incident for several minutes. I'm very disappointed, amazed, and not happy with it," he said. "It was not very useful in proving the central point. Was a gun pointed, were there negotiations?"

Marine Police alleged that Chinese Public Security officers had pointed machine-guns as they approached the three boats in Hong Kong waters.

China has insisted they were arrested in Chinese waters. It has since said the two Hong Kong residents on board the two boats would be put on trial for smuggling, which under Chinese law is punishable by death. Unconfirmed reports last night said the men would not be charged.

Acting Regional Commander (Marine) Spencer Foo said last night that regardless of the length of the video, police submitted all that was recorded. Mr Foo refused to say whether instructions from outside the force had led to certain disputed parts of the incident going unrecorded. Pressed on whether police were given complete freedom to film throughout the tense standoff, he said this was an operational issue and would make no further comment.

Mr To said police and the security branch had failed at the meeting to explain why only such a short video was filmed. But he would not speculate on whether the tape had been edited. "At this point of time I don't think as a responsible person I should have such an attitude," he said.

Although most Marine Police launches are equipped with video cameras, there is no standing order guiding their use. Nor is there any training in how to use them, a senior Marine Police officer said.

Based solely on the video, Mr To said he could not draw any conclusion of misconduct by either the Marine Police or Chinese Public Security officers. "That does not mean I do not believe the version given by the Hong Kong Government or the version by the Zhuhai authorities but this evidence cannot prove either side," he said.

Mr To is now calling for Marine Police to be instructed to record as much of an incident as possible. He said that in this case the video only indicated where the ships were in relation to one another at certain times.

Preliminary Committee To Receive Travel Briefing

HK1104063095 Hong Kong SOUTH CHINA
MORNING POST in English 11 Apr 95 p 6

[By Chris Yeung]

[FBIS Transcribed Text] Freedom of travel after 1997 will be on the agenda when immigration chief Lawrence Leung Ming-yin briefs Preliminary Working Committee (PWC) members in Beijing next week.

Mr Leung, the director of immigration, will talk to the PWC security sub-group about the right of abode and nationality and will explain the complex nature of the issues surrounding future permanent residency and travel documents.

The government has accepted an invitation from the sub-group for the briefing and will send Mr Leung to attend an "informal" session.

The Government bans formal contacts between civil servants and the PWC.

The sub-group's co-convenor, Rita Fan Hsu Lai-tai, had written to the secretary for security, Peter Lai Hingling, asking him to send an official delegation to brief members on the issues during a meeting in Beijing on April 23 and 24.

Mr Leung will hold another round of expert meetings with his Chinese counterpart on the same issues at about the time of the PWC meeting.

The government's thinking is that it might be convenient for Mr Leung to meet the PWC. It regards him as the "real expert" on the issue.

The meeting, however, must be "informal" and held behind closed doors, a source said.

A senior government official said he was optimistic that the two governments would be able to reach an agreement on the issue of right of abode before 1997.

A consensus was essential if the two sides wanted to cooperate on the issuing of the special administrative region (SAR) passports, he said.

The official said the two sides shared a common interest in finding ways to reduce uncertainty over SAR passports.

Mr Leung's briefing will be the second to be given in Beijing by senior government officials to the PWC on transitional issues.

Director of Planning Dr Peter Pun Kwok-shing travelled to Beijing in February to reply to criticisms from the PWC economic subgroup on the territory's reclamation strategy.

Separately, the Financial Secretary, Sir Hamish Macleod, is to visit Shenzhen on Thursday to improve links over infrastructure and financial development.

The government yesterday announced that Sir Hamish, who is to retire in September, would make a one-day trip to Shenzhen at the invitation of its municipal government.

He will be accompanied by the secretary for economic services, Gordon Siu Kwing-chue, and the chairman of the Securities and Futures Commission, Anthony Neoh.

The team will visit various infrastructural facilities in Shenzhen, including the Yantian Port and Huangtian Airport, and the Shenzhen Stock Exchange.

Thursday's trip is the third visit by Sir Hamish to the mainland since he became financial secretary in 1991.

Foreign Media Groups Increase Presence

OW1004170895 Beijing XINHUA in English 1618 GMT 10 Apr 95

[FBIS Transcribed Text] Hong Kong, April 10 (XINHUA)—International media heavy-weights are stepping up their presence in Hong Kong as 1997 is approaching, according to a local newspaper.

South China Morning Post today reported that top American newspapers, the New York Times, the Washington Post and the USA Today have recently established their bureaus in Hong Kong, and networks including CNN and the NBC are establishing their regional headquarters in the territory.

The Japanese are following the trend. The Nihon Denpa News, the only TV news agency in Japan, which specializes in documentaries, is considering moving from Bangkok to Hong Kong.

The Nihon Keizai Shimbun, the Japanese version of the Financial Times, is increasing its staff and planning to satellite its pages to Hong Kong to be printed and sold directly to the 17,000-strong Japanese population in the territory.

According to statistics compiled by the Hong Kong Government's Information Services Department, currently more than 120 foreign news organizations are operating in Hong Kong.

Among them, the United States ranks the largest with a total of 31 news organizations operating in Hong Kong, including nine magazines, nine newspapers, six news agencies and seven television networks.

Japan, among the earliest to set up media offices in the territory, ranks second with journalists from 16 news companies working in Hong Kong, including eight newspapers and six television networks.

Britain ranks third on the list with correspondents from 14 British media organizations based in Hong Kong.

Other foreign correspondents come from Canada, France, Germany, Italy, Spain, Australia, Korea, Chile, Finland and all over Southeast Asia.

The media groups in the Chinese mainland, including its largest news agency Xinhua and the People's Daily, also have journalists working here, said the report.

Analysts here pointed out that the foreign media's growing interest in Hong Kong reflects their recognition of Hong Kong and the region as a news-generating center.

Britain Submits Report on Torture to UN

HK1104070595 Hong Kong HONGKONG STANDARD in English 11 Apr 95 p 2

[By Antonie So]

[FBIS Transcribed Text] Britain has submitted a report on Hong Kong to the United Nations in relation to an international convention against torture and inhuman treatment. Submitted last month, the report covers the range of administrative and legislative protection against torture in the territory.

The report, which will be tabled in the Legislative Council on 19 April, says although the convention cannot itself be invoked or directly enforced by the courts of Hong Kong, in many areas "its substance can be so invoked and enforced" by different laws in the territory.

The existing Crimes (Torture) Ordinance, enacted in January 1993, is a major tool to prevent intentional infliction of severe pain on a person, the report says.

This ordinance creates and defines the offence of torture and provides for a maximum penalty of life imprisonment for a person convicted of the crime. It also provides legal channels for the extradition of torturers and suspected torturers.

Other ordinances complementing the convention include the Bill of Rights Ordinance, the Immigration Ordinance, and the Police Force Ordinance.

On the administrative side, the report says the government provides an adequate complaint channel for victims of

torture, for example the Complaints Against Police Office (Capo).

Other measures taken included ensuring that in the legal system victims obtain redress and have an "enforceable" right to compensation.

Under Article 19 of the convention, state parties are required to submit to the United Nations Committee Against Torture periodic reports on the measures taken.

The convention, ratified by Britain in 1988, was extended to Hong Kong in December 1992.

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